

## Handled Carefully, it Will be a Boon

It is not the intention to put ourselves on the back for organising a very timely and important round table on the pros and cons of Taka convertibility. This is a step that the government has been slowly moving towards over the last two years, and intends to publicly announce sometime in the middle of the next month. Yet a word of praise for The Daily Star Round Table, held last Tuesday, would not be out of place. The dialogue that took place between the leaders of our financial institutions and experts helped to further inform the public on this complex issue. The session brought together the Minister for Industries, the deputy governor of the Bangladesh Bank, CEOs of several banks, chamber leaders, representatives of foreign banks, international financial experts, leading entrepreneurs, and prominent public figures, not to mention the former governor of the Reserve Bank of India, as the guest resource person. We asked them the question, whether Taka convertibility will be bane or a boon? With varying degrees of caution, they all unanimously said, it will be a boon. And so we say.

There is no doubt that the Finance Ministry and the Bangladesh Bank have shown uncharacteristic courage and foresight in going for Taka convertibility. This step, which will have to be taken with caution and circumspection, will definitely bring us closer in tune with the world economy and international financial practices. This will constitute an essential step in convincing foreign investors that Bangladesh is part of the community of nations who are increasingly becoming interlinked, and we are ready to establish our trade and financial links with the rest of the world on internationally accepted terms. The step has as much psychological, as practical importance. In the former sense the step towards convertibility expresses increasing confidence in our economy. With all our intrinsic weaknesses and backwardness, we are ready to show the world that we are, if not fully ready, at least willing to try, our hands in the game that all strong, and many emerging economies play.

There is, however, some legitimate scope for concern. We have to be aware that more open our economy becomes, and more deregulated our system is, more is the need for business ethics and clean dealing. There will always be those out there, willing to do anything for the quick buck. As the economy becomes more liberal, the scope of such unscrupulous mavericks increase. It is then that the need for self regulation and monitoring becomes vital. It is definite that we want to move away from government regulations, and from the days of being spoon-fed by the central bank. As we make that vital move, we must move more and more towards self regulation and self monitoring.

A point has to be made about putting into place, the requisite technological infrastructure and skilled professionals necessary to become a part of the global money market. Computerisation of our banks, especially in foreign exchange dealings, and adequate telecommunication links are vital.

A word of praise is well in order for the Bangladesh Bank, whose new governor has set a fresh pace of openness for the Bank's policies. It is this openness that has resulted into a wide spread debate and public discussion on the convertibility question, which has done much to increase public understanding of the issues concerned.

The move towards convertibility is pregnant with tremendous possibilities and also with a number of pitfalls. In order that we can avoid the negative and only gain from this move, a closer cooperation is necessary between the central bank, the authorised currency dealers, (the commercial banks) and of course, the traders and the business community. We urge all to work in a spirit of partnership so that this bold, but necessary experiment is crowned with total success.

## Hillicide

Bangladesh has already become no less than 30 hillocks fewer over the past few years. Mostly a land of plain swaths, the few elevated dots — in Comilla, Sylhet and Chittagong — that gave the country a picturesque quality are gradually vanishing, thanks to the greed of unscrupulous real estate businessmen. A Bangla daily carried a pictorial report yesterday, showing a bulldozer engaged in bringing down great chunks of the famous Lalmai Hill. The report says, about a hundred truck-load of earth is dismembered every day from the hill, specially from the part where the Chandimura Temple is situated, threatening its very existence.

What is surprising is that the illegal practice has been continuing unabated for a long time now and this is despite the press carrying reports of and expressing revulsion against the pillage. The pulling down of the hillocks is not done at dead of night, nor can such a thing be done without being noticed. But the hard fact is that the hills are diminishing at a consistent pace and the perpetrators of the mindless and unlawful 'hillicide' enjoy an audacious impunity. One cannot be blamed for suspecting if there is any administration to look after the country's pride possessions. A hill is not just a mound of purposeless soil, it is the natural barrier against wind, soil erosion — and much more.

Unfortunately, no government here ever has taken the pains to carry out a comprehensive study as to the impact of such large-scale earth cutting from the hill. The destruction of hills has been going on in Chittagong at the level of Comilla's as well. But the administration maintains a stoic silence over the issue. However, the danger the entire country is being exposed to will spare none. Nature, after all, has a very consistent and infallible way of hitting back. We have already been paying a heavy price for our neglect for natural resources. The indiscriminate felling of trees and destruction of forests have pushed us on to the brink of a highly precarious environmental balance. The razing down of hill after hill will not help the cause.

Destruction of Lalmai or any other hill is expected to substantially change the topography of the region and this obviously is a dreaded prospect. Before more damage is wrought, the administration should extend its protective arms to save the precious little hills we can still boast of. The law is there and as in other areas of society, the problem is with implementation of that law. No doubt, the challenge is to force the interested quarters to beat a hasty retreat.

**T**NICKLE-down" economics enjoyed something of a (deservedly) short-lived renaissance during the Reagan era, even after having been discarded long ago in the developing economies as a tenable approach to poverty alleviation. In neither the richest nor the poorest countries did general economic growth "trickle down" to the poorest in the medium term. Judging by the existing level of poverty in the US even a long term trickle-down effect has to be a qualified conclusion. More directed efforts towards poverty alleviation in the developing countries started long ago, while the Clinton administration has also moved towards direct welfare measures for the poor in the US.

The much touted market reform package in Bangladesh is suffering the same fate — all talk and theory but not trickle down to the end user or intended beneficiary of these reforms. Both the foreign businessman/investor and the local one are facing an economic climate in Bangladesh which exhibits very few characteristics of a genuinely open and market-oriented environment. As regards the hapless consumer and other non-business entities, the less said the better. Despite apparently the best of intentions of the BNP Government and a sincerely market-oriented policy platform, there is not much change at the ground or user level.

Perhaps that is only to be expected, given the interventionist nature of Govt culture since 1947, and an even older bureaucratic culture of "control", with a British Civil Service ruling over the locals. The people who are supposed to be implementing the forced marketisation of the economy therefore, have no background on the subject, and often not even a clue. Exceptions within this group are generally those who have lived for a while in an open society and do not suffer from the peculiar Bangladeshi variant of pseudo-socialism/public sectorism (i.e. high intellectual and material standards of living for themselves a la US/UK and

**I**N August British politicians call a truce at Westminster and go off pale and growing to the seaside or the hills and mountains of mainland Europe. Quiet reigns. In September they return tanned and resume the growling in other days members usually growled across party lines. Now the enemies are more often within.

And never has there been at the same time such a rummaging into the immediate past, as this autumn tome after tome of memoirs falls from the computers and films of the books take over Britain's television screens. The blockbuster of the season has yet to be unveiled — Margaret Thatcher's account of her decade of prime ministerial stewardship.

As a taster we have had the memoirs of the ever-smiling, smooth and hairgreased Kenneth Baker, the former Tory party chairman, who followed Thatcher to the last step of the scaffold and then started extolling the virtues of John Major with the same smile.

Nor is the rummaging only about the Tories. A new biography of Harold Wilson, Labour prime minister in the Sixties and Seventies, and the memoirs of his confidant, lawyer Lord Goodman, have delved deeper into the in-fighting that took place at the top during that era — the tinsy swinging and satiric Sixties when the Beatles sang When I'm Sixty-Four, which age they are now in sight of.

Against this background, the new season of British politics looks rather like a rerun of an old movie. Kenneth Clarke, the new Chancellor of the Exchequer, for instance, is dropping hints about a pay freeze — namely, that there should be years when the mass of workers do not get a rise. Wages should go up, runs the argument, only when productivity raises the money to pay them.

Pay controls imposed by gov-

## "Trickle-down" Reforms and Directed Efforts

by Feisal Siddiqi

**What can we do about reaching the intended fruits of reform programme to the people? Empower them to realise what is rightfully theirs: How? Institute a direct feedback mechanism in the manner of a complaint/suggestion box wherever an interface between government and people exists, to be continuously monitored and evaluated at levels above the civil service ...**

forced Bangladeshi standards for every one else). We should also not ignore the reality that, for the bureaucracy, a genuine market economy translates into "loss of empire," and reluctance to participate in this process is natural. In various forms, the senior most civil servants are heard to remark that "the private sector never had it so good," the "ball is in the court of the private sector" and other words to the effect that they have relinquished control and power to an unimaginable extent and yet the private sector was not dutifully and gratefully responding.

There is no awareness that, in a modern society, the administration takes the full responsibility for the state of the economy, while the people merely respond as rational and self-interested participants to government policy and initiatives. I use the word people and not "private sector" for an important reason. Somehow both Bangladeshi policy makers and the donors treat as conceptually identical the "Private sector" and a group of elite businessmen. This has serious implications for the formulation of policy and its implementation. A simple distortion may be cited as an example of the result of this confusion: The impediments faced by this élite group are minor compared to what the rest of the society have to live with; since the feedback mechanism almost exclusively centered around this élite group, the failure of the reform programme is actually understated.

I have been arguing for some time now that the concept of the "private sector" must be broadened to include smaller businessmen, self-employed people, professional people, all farmers, and all consumers — i.e. every-

one in their private capacities, even government employees. This concept is unequivocal and clear in the US — there is a Govt presence and it functions and there is the society at large on which the Govt impinges. There is not a third separately defined entity called the private sector — this peculiar invention seems to be applicable only to newly marketising economies like Bangladesh, and introduces flows into the reform programme right from the conceptualisation stage.

The proposed re-definition would go a long way towards bringing into the fold even diehard populists who are all for efficiency, economic growth and equity, but not for a privileged few only. These defenders of the public sector and the small farmers (and the efficacy of dialogues) are not being able to articulate the true nature of their positions — that the "market" in the market economy must be accessible to all for transactions on an equal footing. A simple illustration will highlight the contradiction reached because of this inability to think through their positions — the public sector's inefficient production and distribution of fertilizers, seeds and irrigation support has been a source of higher costs and added to the miseries of our undoubtedly hard working and deserving farmers. In general, the public sector and the GOB's costs are being largely met by poorer people because of regressive taxes like VAT and other indirect taxes. I would refer the populist Professors to the real guru of the rural economy — Prof Yunus, who has argued very clearly that the potential of the people is enormous if only the Government would get out of the way. This is equally true of the urban

ministers to be "macro-bad" either in the IMF or anywhere else, given its enviable 10 per cent + real economic growth. Control of inflation has unjustifiably become the IMF's (and therefore the GOB's) No 1 policy objective. I say unjustifiable because it is the danger of inflation triggering hyper-inflation which has to be carefully guarded against — normal "inflation" is not necessarily bad and in any case cannot be the overriding policy objective in a poor country like Bangladesh. Whatever happened to aggregate demand management through monetary and fiscal policy to sustain economic growth and employment? With the Finance Minister currently trying to talk interest rates down, there must be a growing realization of the depth of the recession, but it is too little to late.

So what can we do about reaching the intended fruits of the reform programme to the people? Empower them to realize what is rightfully theirs: How? Institute a direct feedback mechanism in the manner of a complaint/suggestion box wherever an interface between Govt and the people exist such as NCBs DFI, Customs and Tax departments, the police, public sector corporations, the various ministries and so on. This feedback should be continuously monitored and evaluated at levels above the civil service i.e. at parliamentary and ministerial levels, preferably with the direct involvement and representation of concerned private sector leaders and groups.

It is interesting to note how the current disagreement between the NBR and the private sector over the proposed duty free import of capital machinery for export industries had been referred to the Prime Minister

for arbitration and final decision. The unresponsiveness and constructionist nature of the bureaucracy has been highlighted once again (as though this reconfirmation was needed), as has been its inability to function and perform for the good of the society. We hardly needed the UNDP report to tell us that the bureaucracy was a bad joke, and we certainly should not expect much to come out of any "reform" of the bureaucracy (much like the other reforms we are talking about). What we need is direct and immediate action to determine what is not working (from the people who are effected) and appropriate remedial measures (from the political leadership in consultation with the representatives/leaders of the affected people). The bureaucracy and other associated government agencies which constitute the delivery mechanism must be subordinated and made accountable in simple and straight-forward ways, instead of being (in actuality) independent of the political leadership, and masters of the people whom they are meant to serve, causing incalculable harm in the process. This total lack of accountability is by definition a major problem and must be addressed urgently.

The institution of direct links between the policy formulators and the intended beneficiaries of the policy is critical to the success of the reform programme where the delivery mechanism in-between is highly counterproductive and irresponsible. There is no alternative for the government but to introduce direct and formalised channels with the private sector to tame the bureaucratic monster. If the BNP Government is to thrive politically, it must improve its economic performance. This in turn can only be achieved through successful implementation of its reform agenda, which will only occur any time soon through directed action of the kind proposed above, and not through any trickle-down effect.

The writer is Assistant Professor, IBA, Dhaka University.

minister of the 1990s. He comes across as a man even grayer than Major.

The party has moved several steps towards the centre and looks more social democrat than socialist. One of Thatcher's ambitions was to move Britain closer to the American political pattern, where there is no real left wing. To a large extent she succeeded. The goalposts of British politics have all moved to the right.

Under Major the Tories have moved a little towards the centre. With Labour much nearer the centre than it was a few years ago and the Liberals Democrats sitting bang in the centre, the goal posts are getting crowded. The elector is beginning to find little to choose between the three main parties.

The issue becomes more one of competence and personalities. Labour stands well ahead in the opinion polls, but this is more because of the incompetence of the Major government and the continuous guerrilla warfare within the party than the work of John Smith and his team who are now beginning to divide themselves over an old Labour running sore: relations with the trade unions and how much the party should be beholden to them.

With talk of pay freezes, the unions may be recovering some strength after their battering from Thatcher and this may make life for Labour more difficult.

As for the Liberal Democrats, they should be sitting pretty, with increasing power over local government and a charismatic leader in Paddy Ashdown. They are riding high and free of internal dissension. The key to power in Britain depends, as ever, on the centre vote, but the liberals still look like remaining only the filling in the sandwich.

And the Westminster growling looks set to get ever fiercer.

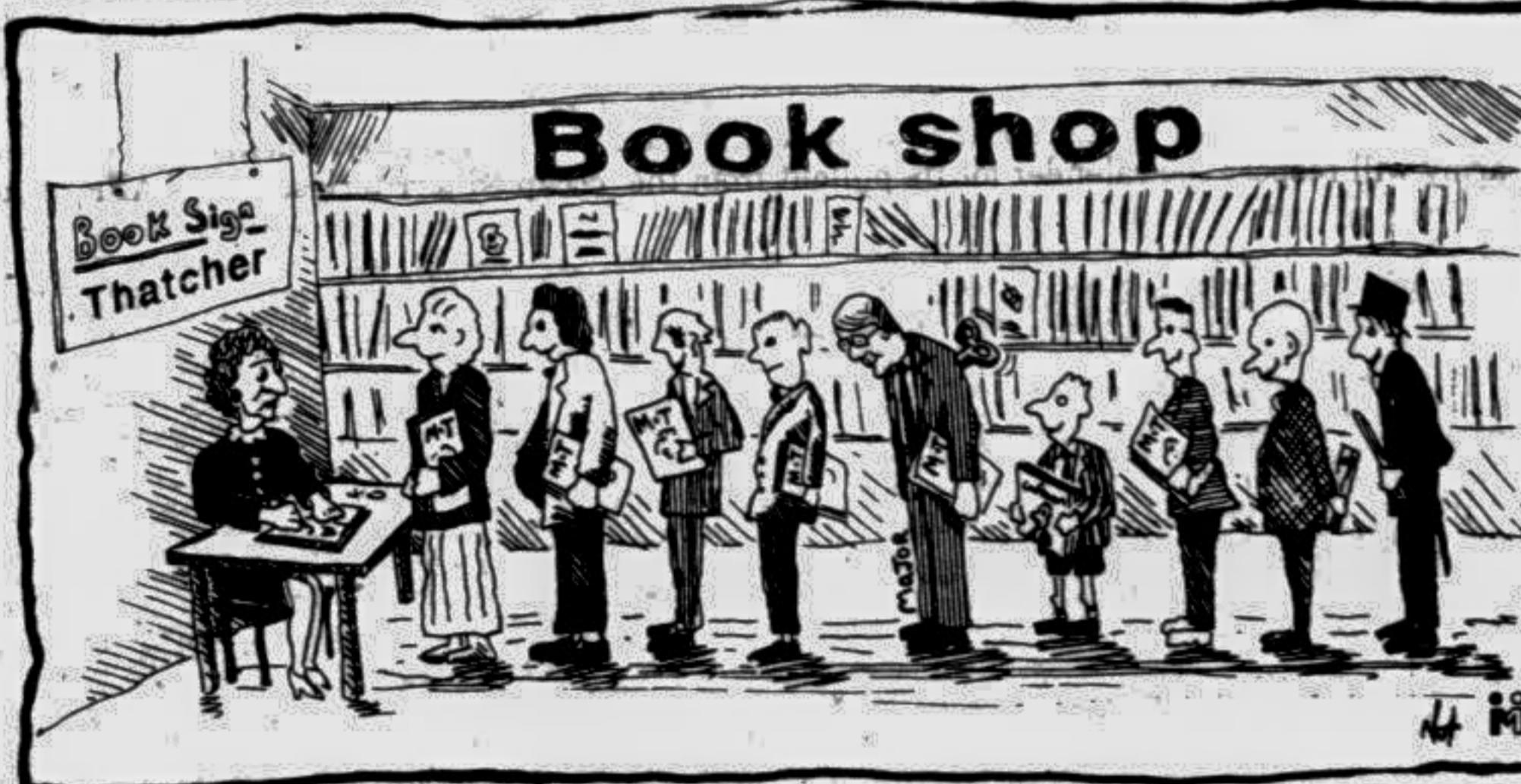
GEMINI NEWS

DEREK INGRAM is editor of Gemini News Service.

## It's Open Season again for Political Growlers

Derek Ingram writes from London

**Autumn is party conference time in Britain. The Liberal Democrat, Labour and Conservative parties meet in successive weeks. Little more than a year into a new Parliament political tranquillity might be expected to reign. Not so this year. The Major government is in continuing turmoil and anything could happen next.**



overnment were tried repeatedly by governments in the Sixties and Seventies, led to confrontation with the unions and the emergence of Thatcher who declared war on what were called stop-go-stop economics. Monetarism was fleetingly the order of the day until a free-for-all spending spree in the late Eighties helped speed her downfall.

Increasingly, the Tories fell out with each other in public as well as in private and since then they have never got their act together.

At the annual conferences get under way — in Britain, the Trade Union Congress, and Liberal Democrat, Labour and Conservative parties meet in successive weeks of early autumn — it is the ruling Tory party which is in the greatest public disorder.

His action signals renewed undermining of John Major's position as Prime Minister and a new round of fighting between the party's left and right and pro and anti-Europeans. In the absence through illness of

Michael Heseltine, who fought Major for the leadership after Thatcher fell, Clarke is the most forceful figure in the government. He is pro-European, on the left of the party and a political bruise.

In the latest example, Norman Lamont, who was replaced by Clarke as Chancellor only months ago, is now putting to be public a version of the events that led to the departure of Britain from the European Exchange Rate Mechanism (ERM) a year ago quite different from the one he gave at the time he was in office.

His action signals renewed undermining of John Major's position as Prime Minister and a new round of fighting between the party's left and right and pro and anti-Europeans. In the absence through illness of

other half hour we were informed by the ever friendly Railway staff that there had been another derailment of a goods train near Sharsadi and a relief train would come from Chittagong to clear the line. This meant a further delay of another 3/4 hours. Around this time the fans in the compartment went off and on inquiry we were informed by the guard on duty that there was fuel for only five hours to run the generator.

He was therefore conserving it for the rest of the journey which he was quite certain would take place very late in the night.

Several passengers including myself requested the guard to request whoever was in charge for some fuel as the sufferings of the children and the women passengers were unbearable.

There was an officer who was in charge of an office dealing with such matters and we were informed by him that there was no excess fuel in his store. We were informed that the government in fact had stopped sup-

plying them even with the necessary stationery. At this stage he was joined by several other Railway personnel who all complained that things were so bad that even the most essential spares were not being supplied.

There was no way to ascertain the truth but we definitely were suffering the consequences. Finally the train left the Akhaura station at around 8 pm and after several hold-ups, for allowing the other trains to pass, we reached Chittagong station at 3.30 am, after 20 hours and 30 minutes instead of the scheduled 8-1/2 hours.

There are many more such inconveniences that the rail passengers have suffered in recent times and it would be quite voluminous to write about them all.

I would like to request the honourable Minister concerned to please find some time to look into such matters of the Railway Department as this is the only means of communica-

tion in many parts of the country.

Mahmud Hossain Murad  
30 Agrabad C/A  
Chittagong

## Traffic police needed

Str. Traffic jam is a common sight in Dhaka city. Traffic police are doing their best to control the situation. Yet there are many places in the city where the services of traffic personnel are felt keenly. St Joseph High School is situated by the side of a main road near Asad Gate. The road itself is very busy for its importance. During school hours, the vehicles carrying students to school along with those plying normally in this busy road create a deadlock for all including pedestrians.

I, therefore, request the authority to post a traffic police near the school gate at least twice in a day before sitting and breaking of the school.

Siktar  
St. Joseph High School, Dhaka

## 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.**

### Important road in bad shape

Sir, Will the authority ease the people of the area from troubles and threatened accident, and especially from mental agony for their wards on movement to and from their educational institutions?

Nurul Huda Chowdhury  
Nayabazar, Chittagong

### The state of railway system

Sir, In recent months one due to relinquishment of the constituency as obviously that.

Will the authority ease the

people of the area from troubles and threatened accident, and especially from mental agony for their wards on movement to and from their educational institutions?

For instance — on the 8th of August 1993, the Paharika Intercity Train left Sylhet station at 7 am and was detained near the Moglazar station for more than five hours because a goods train was derailed there.

On reaching Akhaura junction we were told that there had been a derailment of the Upakul Intercity Train between Azampur and Akhaura stations but the track was being cleared and we would proceed after a short while. After waiting for an