

Loan Recovery

The government plans to bring changes in insolvency laws to tighten up the existing legal framework for recovery of debts. The dismal situation of loan recovery by the state-owned commercial banks provides the proximate reason for the initiative. However, updating these laws would also help put financial transactions in general on a surer footing.

Lenders always seek guarantees for repayment of debts. Society also recognises the moral obligation of a debtor to repay the loan. Lenders, on their part, demand and obtain from the borrower various forms of pledge and security. Problems arise when the debtor falls in arrears in repayment or defaults. Would then the creditor be given unfettered rights to foreclose on collateral or should the law of the land differentiate between honest but unfortunate debtors and wilful defaulters?

Debtor prisons were a common sight in most countries during the Middle Ages. Defaulting debtors were usually imprisoned straightaway in those days. No leniency was shown to a debtor who was honest but had defaulted for plausible reasons. Laws were harsh in application and the supremacy of the creditor would at times lead to excesses. Things have changed now. For instance, in an effort to protect small borrowers against unscrupulous money-lenders, the legal system could even be seen to favour the borrower by making it hard on the creditor to foreclose on property offered as collateral.

As it happens, the existing system also makes it often difficult for banks and other financial institutions to collect on loans from wilful defaulters as well. As a last resort to collect debts, a bank would sue a defaulting borrower for payment. The process of collecting a loan could take several years. Even after the court rules in its favour, the bank would have to file another suit for execution of the claim. All the while, the defaulting debtor would keep on challenging the claims in the courts of law at every step. The long process would raise the bank's cost of lending, weaken its portfolio and undermine its ability to extend loans to more creditworthy borrowers. An honest non-institutional lender would fare far worse in such a situation. An encounter with a determined wilful defaulter could even ruin him.

It is reassuring to note that the proposed amendments to the existing laws have been formulated under the guidance of a national advisory committee where most of the legal luminaries in the country were present. It is to be expected that the new legislation would rationalise the legal framework and streamline the procedures without being unconscionably harsh on honest borrowers who default on grounds of proven misfortune or other valid reasons not fraudulent in nature.

Dictates of fair treatment and economic considerations have led bankruptcy laws elsewhere increasingly to lay stress on reorganization rather than liquidation, especially for entities such as companies with public share holding. It is in the fitness of things that the proposed amendments to the existing laws make provision for a company to reorganise under supervision in an effort to make itself economically viable, rather than be liquidated.

It has also to be borne in mind that merely creating an appropriate legal framework will not, by itself, improve the situation rapidly. As of now, more than sixty thousand suits filed by the banks are said to be pending before the courts. At present rates, it would perhaps take more than a decade to clear the backlog of cases. The government should invest more in expanding the judiciary and set up a chain of fully functional special courts, exclusively entrusted with the task of handling loan recovery cases. Law amendments will not otherwise bring in meaningful results.

Resisting Cancer

President Abdur Rahmn Biswas on Friday stressed the need for mass awareness of the danger of cancer while inaugurating the fifth annual conference of the Bangladesh Cancer Society. Our society has a strange way of making a mountain of molehills and seeing a dunghill where there is indeed a mountain. If in fact 1.5 lakh people die of cancer in this country and another 8 lakh suffer from it annually, this is not manifest anywhere in the conduct of the government and it has so far miserably failed to make any mark whatsoever in the minds of the leaders of our society — moral, cultural, social, professional or political. We thank President Biswas for making the figure public and we hope this would, as coming from the highest office in the country, have a very wide audience to react. But one very correctly feels that if it could properly register with the sensibilities of only one of the constituents making up this nation, the cause of saving man from cancer deaths would have taken a great leap forward. That element, we are sorry to point out to the president, is his government.

The near-incubability of most types of cancer when advanced enough and the fact that treatment of the disease still entirely belongs to the realm of frontiers-of-science research of a very high technology nature may have acted as considerations determining the government's lack of a desirable quantum of enthusiasm in the matter. But these have been supervised even by private initiative very effectively in Bombay and closer home incredibly by individual philanthropy at Thakurpukur, Calcutta.

If the curative is proving too formidable for our capabilities at the moment, couldn't we do remarkably on the preventive side? Among the cancer causing social phenomena, the most amenable to preventive intervention is the habit of smoking. What is our record so far on this? We haven't been able to make any real headway beyond a dubious Ershadian campaign confined to hanging anti-smoking billboards.

What is the use of harassing the habitual smoker when the government continues to refuse to cure motorised vehicles of the most dangerous disease of belching out noxious black smoke? Environmental pollution and degeneration have been a contributing factor to cancer more than perhaps the carcinogens one imbibes by way of food. Our performance in this area is far from enviable.

What have we done to screen carcinogens out of our food generation and distribution system? Or heal food habits that give preference to cancer causing ingredients? None.

One cannot agree more with President Biswas when he suggests leading a 'better and decent' life as a preventive for cancer. But almost all of this society, save the upper-perch ten per cent maybe, are barred exactly from such 'better and decent' life. Removing that bar to such a life is the name of the exercise called government.

We believe it is in the power of the government to arrange for, in whatever form, at least one commendable establishment offering the latest in cancer treatment. The Bangladesh Cancer Society can act capably as an implementing arm in the matter.

A New Asian Alliance to Fight WB/IMF Policies

by T Rajamoorthy

As a result of a consultation held in Manila in September, a new Asian coalition of NGOs has emerged to fight the problems of external debt and structural adjustment. The author, who attended the consultation on behalf of the Third World Network (which is a member of this NGO coalition), reports on this new move.

AS the 50th anniversary of the Bretton Woods Conference which agreed on the establishment of the World Bank and the International Monetary Fund (IMF) draws near, an Asian coalition of non-governmental organisations (NGOs) has emerged to fight the twin problems of debt and structural adjustment.

This new network — known as the Asian Solidarity Against Debt and Reorganisation — comprises NGOs from the Philippines, Indonesia, India, Bangladesh, Sri Lanka, Malaysia, Japan and Hong Kong. It arose as a result of an initiative by the Freedom from Debt Coalition (FDC) of the Philippines, which convened a consultation in Manila from 2-8 September for this purpose.

The consultation received reports from the participants on the state of the debt situation in their respective countries. These reports confirmed that although the spotlight had in recent years been focussed almost

exclusively on the Philippines, it was not the only country mired in debt.

To take an example: while the total external debt of the Philippines in 1991 stood at US\$32 billion, Indonesia's total external debt in the same year was more than US\$73 billion, while that of India was more than US\$71 billion. More importantly, according to Asian Development Bank estimates, India's foreign debt will reach US\$82 billion this year while that of Indonesia will hit the US\$92 billion mark!

The reports from the NGOs from the other Asian countries revealed the same tale of growing indebtedness.

In fact, it was the awareness that most of the Asian countries

shared a common problem that had prompted the FDC to convene the consultation. More importantly, it was the growing realisation that the fight against debt restructuring could not be confined to the national plane that had brought the NGOs from the various countries together.

The consensus of opinion that emerged from the consultation was that the question of debt and structural adjustment had to be viewed holistically. Thus, whilst affirming their opposition to the anti-people structural adjustment programmes of the IMF and World Bank, the participants in their final press statement declared that they viewed the debt problem as a product of the economic, political, moral and cultural domination of the Third World countries by the G7 industrialised countries.

The main aim is the cancellation of all the external debts of the developing countries.

However, as its immediate aim, the coalition has targeted or cancellation of the species of loans known as fraudulent loans, that is, loans the legitimacy of which is questionable because they were obtained by fraudulent means such as overpricing and corruption. A classic example of this is the case of the Bataan nuclear plant loan, in which the supplier, the US firm Westinghouse, had obtained the contract for the construction of a nuclear plant through the payment of bribes to the Marcos regime, with the project financier (the US Export-Import Bank) being privy to the fact that it had been overpriced.

But in consonance with its holistic view of the debt problem, the coalition has also led the participants to declare that, in their view, the struggle for debt reduction and cancellation should be consciously linked to other fundamental economic and development issues such as transnational capital, liberalisation, globalisation of capital and extravagant and wasteful overconsumption of the North.

With this perspective in view, the coalition of NGOs has set out as its objective a number of aims.

The main aim is the cancellation of all the external debts of the developing countries.

Viewed from this perspective, the fight is not merely one of persuading the North to forgive the debts of the South but of compelling the North to settle the much larger debt it has incurred by virtue of its domination, control and exploitation of the South.

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Free Market System can Contain Smuggling and Other Vices

by Nizam Ahmad

BORDER security forces, barbed wires, mined lands, strict laws etc., have never proved successful in the eradication of smuggling anywhere in the world. We have heard of American Levi jeans sold in the streets of communist Russia when the Red Guards and the KGB were the most feared forces in the world and yet, market forces defied the laws to the delight of the Russian consumers just as Indian cattle are sold in our markets.

This natural law of economics, of supply meeting demand and vice versa, has always been over-ruled by many governments and renowned economists and, especially so in the Socialist and the Third World nations. For years together, planners have hopelessly cried to intervene, restrict, disregard or even abolish 'market forces' by forcibly altering the consumer habits of the masses.

In the USA during the 1930s, liquor or bootlegging was a major law and order problem. Drinking of alcohol was prohibited by the then US government fighting a bitter war to enforce the prohibition. Enforcement of this law had nearly destroyed the American cities with rising criminal violence, gangsterism, and corruption at all levels as illegal alcohol dealing and consumption had turned into big business.

The 1930s situation is comparable to today's drug problem — the huge profits, corruption and gangsterism because of drug prohibition laws. Market forces defy well equipped US Narcotics Department to make it freely available on the streets of America, destroying the youth, the social fabric and in one word, the future of America.

Prohibition laws have encouraged the manufacture of various alternative drugs undetectable by trained sniffing dogs but, highly injurious to human health. Abnormal profit margins

attract the young and the old, the rich and the poor to this smuggling business.

In one time, marijuana was freely available in licensed centres throughout Bangladesh. There was no social chaos or drug related corruption and violence in those times. It all began the moment US government succeeded in having Third World governments prohibit marijuana and had bombarded poppy fields in Burma, Laos and Thailand — a sudden rise in drug related corruption gripped the Third World.

The solution is obviously in legalising drug trade and consumption, as drug trade barriers and manipulations of these barriers are the biggest source of profit and corruption. In the USA, alcohol is still a problem but nothing in comparison to what it had been in the prohibition days of the 1930s. Similarly, drug related corruption and violence can all evaporate from the market if prohibition laws are replaced with educative ones. The new trend in America is of this type which is not to defy market forces but to work within its framework.

In our country we have market problems of different kinds including those of alcohol and drugs. We have believably a large underground market where a whole range of consumer goods are traded with high profit margins across the borders. In protectionist theory, these trades are viewed as a misuse of resources, a drainage of hard earned foreign currency etc.

Interventionism

Third World economists are actually theoreticians trained in interventionism from desk tops but are perhaps ignorant of practical realities of the market. An economy is too important to be left to the economists only. Interventionism and control is also our socio-cultural behavioral pattern. We control our children till they become with-

drawn adults or foolish spoilt brats because of overly protection. We are made to obey our seniors and our employers, and a culture of easy interaction and of communication is discouraged or never permitted. Discussions or disagreements are not in our system. Therefore, what we get is — discord, disloyalty, disharmony, conflict and violence. Economic policy prescriptions and the state of our politics have suffered badly under these prevailing socio-cultural conditions.

We intend to impose and dismiss opinions, we are often undemocratic to the core and intolerant to the end. Since politics or economics are all the outer expressions of our inner make-ups, a nation is bestowed with rigid or liberal economic and political conditions as those of our thoughts.

Our interventionist governments often pride in constructing barriers between consumers and producers, between supply and demand. The governments regulate prices, quantity, specify marketing boundaries, and allocate resources as they deem necessary. Gradually the governments become overgrown in size, make and decide all the economic planning and policies, till the whole economy slumbers or part of it goes underground to start the vicious circle of corruption, crime and disproportionate profits. However, the government in order to perform its main task, that of protecting a citizen's life and property, can enforce laws so that all product and services in the market meet standard health, safety and environmental regulations.

Complex obstacles to the free play of market forces, gives us a psychological impulse to demand foreign products but, once the barriers are removed, and goods are freely available, the unexplained urge to consume rapidly diminishes. It is only under the conditions of

free market rules that, Russian Lenin can ever become an alternative to America's Levi and, Bangladeshi dairy meat a competitor to Indian dairy products. However, if USA's Levi and India's dairy products have the competitive edge deterring Russian or Bangladeshi investment, the market will continue to sell foreign products till technology or some other factors determine thoughtful investments. For example, motor car was an European product; economies of scale made it American and, style, quality and salesmanship made it Japanese. Foreign products in local markets can give market winning ideas to local producers, designers, engineers, financial managers, innovators and the like. Market forces are competitive and dynamic forces resulting in product modifications or new creations. There is no room for complacency and no guaranteed monopoly of one country or of one producer.

Today's shortages and scarcities are the direct results of unrestricted government interventionism in the market process. We have irregular water supply or insufficient tap water because, supply forces have been barred from responding to demand. We have few good doctors, fewer public transport facilities to demand, inadequate phones and power supply, high airline costs etc., etc., all because our authoritarian governments had erected barriers and had intervened in the free play of market forces.

Solutions

The free market system can easily solve our economic problems — of unemployment and poor productivity. Liberalisation, privatisation, corporatisation and commercialisation of our economy can release market forces and the hidden talents of the people to do their part in responding to demand or, even creating new demands. High pitched nationalism of

ten enriches a vested coterie of politicians, bureaucrats, so-called industrialists and other groups of professionals who are unable to fulfil people's requirements. Protectionism and closed door economic policies are for the benefit of such vested coterie who usually warn us of free market methods till the nation has developed adequate skilled manpower, a social, economic and legal infrastructure not knowing that, Japan, Germany and Hong Kong adopted free market policies without waiting for a developed infrastructure or a skilled labour force. China and India for years together closed their door and are yet to develop a respectable labour force or industrial products capable of meeting market demand and choice. The policy of closed door might still help the political masters of China and India to retain and extend their power base but, their masses are learning fast and perhaps are very near to destroying the vested coterie dictating development policies.

Modern political and economic rights were unthinkable in the past. Politics has been in the minds of the people and the intelligentsia since Plato and Aristotle but, economics is hardly 400 years old. Monarchies, lords and generals held and dictated the political will of the masses. Opponents were jailed, killed, or banished. In India construction of bridges were protested as they were seen to render the boatmen unemployed, and English handloom workers burned down

textile mills as the mills were a threat to their employment. What is most normal today was misunderstood in the past and resented by the interest groups. Adam Smith had advocated free market in the 1770s and it had taken 90 years to have free market conditions in England in 1860, to be disrupted again and again, till classical liberalism was revived in the 1980s.

Political and economic rights are interlinked and inseparable. General Ayub Khan had denied direct adult franchise for ten years reasoning that, the sovereignty of the State would be jeopardized. His restrictions on freedom of speech, on travel, of intellectual enquiry, broke up Pakistan. Freedom in individual economic decision making and choice are also thought to be a threat to the sovereignty of the nation. But, it is historically evident that, only unrestricted freedom can value and prize sovereignty and, restrictions can destroy it. If we are accustomed to freedom, if we can exercise it and learn to know what freedom is, then, we as a nation are eternally unconquerable.

As one of the poorest nation in the world, if we ever wish a magic wand to peace and prosperity (which is having one expanded middle class, a minority rich or upper class and, no lower class), it is only by the quickest implementation of free market formula bringing an end to all daydreaming talks.

The writer is member secretary, MOER, a free market advocacy group.

OPINION The Eclipsing of the UN

A Mawaz

She is in an interesting condition. She is Miss U En. She used to attract a lot of attention during her youthful years, when many believed in her, and built up their hopes, aspirations and dreams of a better life to come.

After the novelty had worn off, she was more misused than used, as per her service conditions. Lately, in the nineties, she has been overused, and, in the process, became disused in places such as Iraq, Somalia and Bosnia. She has been made ineffective and inefficient. She is no longer stuck up at 29, or even at 39. She has passed the psychological barrier — the point of no return.

Excuses are now being sought to quietly dump the bankrupt lady. She has lost her prized possessions, and is in danger of losing her honour, prestige, image, and face — even name and fame.

She cannot put her arms around any object (or subject), and her admirers are not so keen to take her in their arms. She has ceased to be disarming, and is unable to disarm her suitors. The arms race has been her undoing, according to some pessimists.

Her big patrons are becoming tardy with her regular allowances, and she is facing the stark reality of the hard, cold, and divided world of non-fidelity, if not infidelity. She has nowhere to go. She will not be recognised as a refugee, or migrate to any country, because she represents all the countries of the civilized world; she is the United Nations, now nakedly disintegrated.

She can neither fight war, nor peace. She is unable to stop a war, or bring about a truce. She is a dame observer, and is obliged and privileged to watch the horrible passing show. While everyone talks to her, nobody is listening to her.

She has lost her voice. She has also out of tune. There is no rhythm in her gait. She is also becoming invisible, as her presence is not noticed. The warlords ignore her, as well as her patrons. She has become the Flying Dutchman.

She is without foundation; a glorious monument to man's follies. She eats up billions of dollars, and has nothing to show for it. She has become a symbol of despair to the poor

countries, and of indifference to the rich.

Regionalism is eroding her authority. Cheap imitation is creating many 'One Worlds'. Her broom cannot clean the ethnic oil. The garbage of genocide is sought to be hidden under the carpet. Her vacuum cleaner leaves only vacuum.

Miss U En is a prisoner in a glass case, held under ransom by her original trustees. The ownership is not transferable, although some other qualified suitors are knocking at the door to assume the guardianship of a fallen idol. The Security Council cannot guarantee security of this devalued asset. She cannot be retired nor pensioned off, or donated to a museum or orphanage. Some terrorists are above the law — it is a matter of definition.

In four decades her family members have entrenched themselves in every nook and corner of the globe, rendering services made unserviceable for no fault of the Third World. The Second World does not exist, and the North and the South never meet — an extension of the Kipling's law.

The UNHCR is to look after the refugees, but is simply watching them — increase in millions in geometric proportion. UNICEF does not care about the shipment of radio-active milk to the LDCs. The WB/IMF are enjoying the interest on their huge funds, which cannot be disbursed quickly enough due to modalities which lack interfacing with the recipient countries. The environmental conditions are sending the beneficiaries to the jungles seeking elusive solutions. There are human rights on the right, and on the left, but not in the centre. The pesticides were not developed in the developing countries, but the latter cannot ship the sprayed products to the country of origin (of the insecticides). Nothing is right, and every thing is wrong. There is no escape from white Earth, as too many space craft are failing, may be due to reasons more divine than human.

Miss U En is hopelessly out of date, and has no market value. She is suffering from a terminal disease, for which there is no transplant. Who will un-UN the UN?

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.

Again a daughter?

Sir, It was reported in the press on 10 November that because the eighth child of a couple also happened to be female child the man (father) decided to throw the new born into the river. His longing for a male child to ensure continuance of his family line was not fulfilled so he did not hesitate to dispose of the present responsibility in the waters of the river.

The man remains untouched by all efforts of the state for family planning. But that is the least for he committed a cold blooded murder. Shouldn't the father be charged with first degree murder? So much for, the decade of the girl child!

Farah Kabir
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BIUSS, Dhaka.

The British Council question papers

Sir, The British Council provides 'O' and 'A' Level students with photocopies of past question papers and this helps us in preparing ourselves for these examinations. But the problem we, the full-time students face is that, our school's class schedule does not permit us to visit the British Council during the period they have set apart for matters relating to question papers. Therefore, we fail to collect papers when we are in need of and thus, are deprived of the opportunity of availing the facility given by the British Council.

Question papers are given only in the morning of three of the working days. So it remains impossible for us, the regular full-time students, to collect

them. The only choice we have now is to miss school and go for collecting the question paper, but that causes great inconvenience to our studies.

I, therefore, request the British Council to change its schedule of giving question papers and thus help us in this regard. I hope the authority would take immediate measures.

Zubaid Rafique
Dhanmondi R/A, Dhaka

Bankers' insurance company

Sir, The Finance Minister in a recent meeting with the bankers has thrown a good proposal to the bankers to float a general insurance company of their own to generate extra income out of the business now being given to other insurance companies. The bankers, under the normal practice, do take the risk of all goods and property of the borrower covered by the insurance companies for the loan amount. Usually the charges of insurance cover note are paid by debiting to borrower's loan account. Every year the borrowers who take loan from the banks, pay lacs of Taka to the insurance companies for obtaining insurance covering the loan amount against risk of loss from fire, riot, strike, etc.

Due to lowering down of the lending rate of interest, banks' income has gone down, whereas the overhead cost remains the same. Again, due to financial structural reforms programme, banks' profitability has also gone down. The banks now need to open new avenues of income. Banks, under their normal practice of business, are

giving crores of Taka as loan to businessmen and industrialists, and opening L/C's both for import and export. Under the normal practice, banks, at the request of the borrowers, are paying lacs of Taka to insurance companies, sometimes to prevent the risk of loss from any eventualities.

This insurance business is well within the bankers' grip. The bankers, if they desire, can float a subsidiary company jointly and keep the money being paid now by way of insurance cost with them to augment their income. During the Pakistan days, the private banks did this business themselves. Of course in Bangladesh some of the private banks have got their interest in some of the insurance companies. I think the Finance Minister has sounded a very good note. It is now the bankers who are to ponder over the idea.

Mahbubul Haque Chowdhury
Kalabagan, Dhaka

Social Welfare Department

Sir, This refers to a news item 'Five policemen of Tejgaon P.S. suspended' published in the press on September 10.

The policemen were suspended for their alleged inhuman behaviour with a mentally retarded man. But this is half truth.

The real truth is because of the failure of Social Welfare Department some naked and half-naked people are let loose in Dhaka city to the embarrassment of the people, especially the women and girls. These naked and half-naked people are seen of the airport, railway stations, hospitals and even in court compound.

I have no intention to justify the action of the accused policemen, but it must be taken into consideration that what they actually wanted to do was to take the mentally retarded man out of the road, but subse-

quent action of ill behaviour was done in excess of that intention.

As all of us know, we have a Social Welfare Department with huge manpower; and they sometimes take certain programmes with much fanfare and press coverage. But what is always missing there is a regular and systematic programme to rehabilitate the mentally retarded people like the one under reference.

I hope the concerned authority will, on the one hand, consider the case taking everything into consideration and, on the other hand, the Social Welfare people will discharge their duty honestly.

M Saleem Ullah
Advocate
Motijheel C/A, Dhaka.

Change for better

Sir, I was very happy and overjoyous with The Daily Star of 21-10-93, which was full with coverages on the girl child and her rights in the world.

Yes, sometimes cultures have to be changed in the way of life. We all have to change. This life may not gain much if we just don't change.

God created Adam and Eve and He made women at par with men. If you look at the word woman, in the Hebrew, where it was formed, you see 'uo' stands for 'made from' and 'man' for 'man'. So you have the word woman I made from man. God made woman from the rib of the man to work with him by his side, not over him to be his boss, not under him to be his servant.

God has a standard and we need to follow his way, whatever culture you came from. God has given a way to be lived on and that is not your way or my way, even if our culture has to change.

We must change for the better.
Andrew King
Dhaka.