

Telecom confce  
begins Feb 3

A three-day conference on "Telecommunication Development for the Developing Countries of West and South Asia" will begin here from February 3, reports UNB.

Secretary General of International Telecommunication Union (ITU) Dr Pekka Tarjanev will inaugurate the conference at a local hotel. Posts and Telecommunications Minister Tariqul Islam will preside.

Besides host Bangladesh, the conference will be attended by India, Pakistan, Iran, Afghanistan, Sri Lanka, Nepal, Maldives and Bhutan. Experts from ITU, APT, UNDP, ADB, World Bank and participants from international telecommunication firms are also expected to attend the conference.

The conference, first of its kind in Bangladesh, is aimed at assisting the telecommunication development process of West and Asian countries.

Besides inaugural and concluding sessions, the conference will have several business sessions for in-depth discussions. Recommendations will be made during the business sessions.

Some 200 scholars, academicians, practitioners from home and abroad are expected to take part in the conference which will contribute to a better understanding of telecommunication development situation in West and South Asia operating in a global context.

OPEC members  
unlikely to agree  
on output cuts  
before March

NICOSIA, Jan 25: OPEC members are unlikely to agree on output cuts before the next meeting of their oil ministers due in March in Geneva, the Middle East Economic Survey said Monday, reports AFP.

"There have yet been no concrete pledges of output cuts from any of the countries concerned with the exception of Oman," which committed itself to reducing its 800,000 barrel per day production by five per cent in January in order to boost prices, the Cyprus-based Specialist Review said.

The likelihood is that there will be no significant movement on the production reduction front" before the Organization of Petroleum Exporting Countries' Oil Ministers had their scheduled session in Geneva on March 25 — and "even then agreement on an output cut for the second quarter is by no means a foregone conclusion," MEES concluded.

Moscow's oil  
export surges  
last year

MOSCOW, Jan 25: Russian crude oil exports outside the former Soviet Union surged about 20 per cent in 1993, but revenue from the sales fell by almost four billion dollar, the state statistics committee said yesterday, reports Reuter.

Figures, published by Interfax news agency, showed crude oil and gas condensate exports rose to 79.7 million tonnes from 66.2 million tonnes.

The sales were valued at only 8.2 billion US dollars down from 8.5 billion US dollars last year, due to a sharp decline in world market prices to around their lowest levels in five years.

The state statistics committee put refined oil product exports in 1993 at 34.5 million tonnes.

Russia's inflation  
may increase to  
20 pc in Jan

MOSCOW, Jan 25: Russian inflation rose to 16.2 per cent in the first 18 days of January, up sharply from a 15-month low of 12 per cent for the whole of December, the government centre for economic analysis said on Monday, reports Reuter.

Bankers and economists said inflation was likely to rise to more than 20 per cent for the whole of January on lax monetary policies, which will inevitably push the rouble further down against the dollar.

The rouble has fallen by nearly 25 per cent against the dollar so far this month on a run triggered by the resignations of reform flagbearers Boris Fyodorov and Yegor Gajdar.

High labour costs turning West  
European industry uncompetitive

BOMBAY, Jan 25: Industry in Western Europe is becoming increasingly uncompetitive because of high labour costs and there is little prospect that a recovery from recession will create new jobs, the chairman of one of Europe's largest companies said here yesterday, reports Reuter.

In a speech in Bombay, Sir Michael Perry, Chairman of Anglo-Dutch foods, detergents and personal products conglomerate Unilever, urged the 12 members of the European Union to open their markets to exports from Eastern Europe.

"If there is to be any hope of political stability in the new democracies of Eastern Europe, then Western Europe must open its markets to East European exports," he said.

He warned that West European industry was becoming uncompetitive and was losing

share in global markets.

"We are devoting less of our national income to investment — some five per cent less — than we were 20 years ago," Perry said.

"And in the European Community, 19 million people are out of work with precious little prospect that gradual recovery from recession will bring significant numbers of new jobs," he added in a speech to Indian businessmen.

"At root, Europe faces a cost problem and a quality problem," he said.

"The figures on European labour costs make depressing reading. The average cost of employing labour in Europe including social and welfare costs, is 20 dollars an hour. That compares with 19 dollars in the United States and 18 dollars in Japan and a rough average of 1.15 dollars in most of Eastern Europe and Asia,"

Perry stated.

"These figures will in the next decade compel massive adjustments in European industry — beyond those already underway as a result of Europe's single market" he predicted.

Perry was addressing the Associated Chambers of Commerce and Industry of India (ASSOCHAM). He is in India to launch Wall's frozen deserts in the world's second most populous country. The ice cream will be manufactured by Brooke Bond Lipton India Ltd, a subsidiary of Unilever.

He said that Europeans had a quality problem too.

"A quality problem that is the direct result of poor standards in our schools inadequate investment in training insufficient attention to modernisation of infrastructure and neglect of basic research and

development."

He said that Europe remained a "continent of enormous and privileged prosperity. But the structural problems are profound."

It could no longer claim a wide-ranging technological lead over other parts of the world, he said.

Europe's large scientific resources must be put to work in a more systematic way, he urged, while closer attention must be paid to training and education.

Perry said that despite conclusion of the Uruguay Round of trade talks, Europe remained riddled with protectionist influences.

But he said that the new General Agreement on Tariffs and Trade (GATT) could open up new opportunities.

"World trade growth has stalled badly in the 1980s.

Step taken to stabilise  
fertiliser price

Agriculture and Irrigation, Water Development and Flood Control Minister M Majid-ul Haq Mondy said the government had undertaken a positive step to stabilise the fertiliser price, reports UNB.

The Minister said this while presiding over the 15th parliamentary standing committee meeting on the Ministry of Agriculture at the Sangsad Bhaban.

Some of the committee members drew his attention about the news on fertiliser price hike which has recently been published in different national dailies.

The Minister told the meeting that there is no specific reason for increasing the fertiliser price. But, a vested quarter in the sector is spreading propaganda on fertiliser price hike, he added.

He also instructed the Agriculture Extension Department to submit a report to the committee on fertiliser price within 15 days visiting different areas of the country.

The committee expressed satisfaction at the government decision to decrease the interest rate of agricultural loan. It also discussed the process of giving return of contaminated imported zinc oxide and sulphate fertiliser.

Committee members Haji Abdul Majid Talukder, Sahidul Islam, Alamgir Kabir and Abdul Mannan Talukdar of BNP, Anwarul Islam and Prof Md Waliullah of Awami League, Gazi Nazrul Islam of Jamaat-e-Islami, Additional Secretary of Agriculture Ministry Anwarul Islam and senior officials of the ministry were present.

Pakistan bans  
second-hand  
car import

ISLAMABAD, Jan 25: The Pakistan Government Monday imposed an immediate ban on imports of second-hand cars more than two years old, officials Associated Press of Pakistan (APP) said, reports AFP.

It also decided to withdraw a 25 per cent depreciation allowance in duty on imported second-hand cars.

The move is expected to discourage the increasing import of used or reconditioned cars from Japan, Germany and the Gulf region, which is seen by the local automobile industry as harming its growth.

A large number of Pakistanis are employed in the oil-rich Arab states in the Gulf.

The decisions were taken at a federal cabinet's economic committee meeting chaired by Prime Minister Benazir Bhutto.

Charles accuses  
booming Asian  
states of polluting  
environment

SYDNEY, Jan 25: Britain's Prince Charles accused booming Asian countries Tuesday of poisoning and polluting the environment in the pursuit of fast economic growth, reports AP.

"We ignore at our peril the simple facts that throughout Asia much of the land, water and air is being poisoned everyday from unbridled development pressure, and that many of the region's population lack such basic amenities as reliable drinking water and access to education," he told Australian business leaders.

The 45-year-old heir to the English throne arrived in Australia Tuesday for a 12-day visit regarded as an attempt to improve his image in Britain damaged by last year's breakup of his marriage to Princess Diana.

In a speech to members of his Prince of Wales Business Leaders Forum that Asia is "facing some of the toughest challenges associated with growth rates which are unmatched even in earlier industrial revolutions in the west."

Peru to meet  
foreign creditor  
banks in Feb

LIMA, Peru, Jan 25: A government debt negotiating team will meet with foreign creditor banks in New York in mid-February, the economy minister said, reports AP.

The talks, were postponed from January to give Congress time to investigate a 72 million dollar loan made to Peru by the US firms Chemical Bank and American Express, Economy Minister Jorge Camet said in a television interview late Sunday.

The loan was used in 1983 to buy two tankers that turned out to be unusable. Congress is currently investigating who was responsible for the purchase.

A steering committee representing 240 foreign creditor banks has conditioned renegotiation on the settlement of the debt. Peru owes the banks eight billion dollar out of a total foreign debt of 22 billion dollar.

Talks with the banks resumed in September after a decade.

Dollar declines,  
stocks recover  
in Tokyo

TOKYO, Jan 25: Bargain-hunting helped Tokyo stocks recover moderately Tuesday from their steepest one-day plunge in more than two years. The US dollar shed some of its gains made Monday, reports AP.

The 225-issue Nikkei Stock Average rose 295.12 points, or 1.61 per cent, closing at 18,648.36.

Traders said overall market sentiment remained bearish, but investors were hunting bargains after political uncertainties sent the Nikkei plummeting 954.19 points, or 4.94 per cent, to 18,353.24 on Monday. It was the largest single-day dive since a 1,357.61-point fall on Aug 19, 1991.

Monday's heavy selling followed the defeat last Friday in Parliament's upper house of a package of political reform bills. Continued negotiations over the reform package were expected to delay government action to rescue the slumping economy.



Anthony Koo, a representative of export division of 3M Singapore Private Ltd addressing the concluding ceremony of a two-day 3M Communication seminar at Sonargaon Hotel in the city yesterday. — Star photo

UK economic recovery  
gaining in strength

LONDON, Jan 25: British firms are increasingly confident and expect orders from both home and abroad to pick up in coming months, according to the latest quarterly survey from the confederation of British industry published yesterday, reports Reuter.

The CBI said the survey showed Britain's economic recovery was gaining in strength, at least for now.

"Looking further ahead, there remains uncertainty about the effect on the recovery of the significant tax increases due to come into effect in April, but for the present the economy is moving forward," said David Less, Chairman of the CBI's economic affairs committee.

The new survey, conducted between December 17 and January 12, found confidence on the increase for the fifth quarter in a row. Orders and output rose over the previous

four months at the strongest rate for five years. The CBI found that investment intentions were positive for the first time since 1989.

The inflation outlook was mixed. More firms had cut domestic prices than raised them over the past four months, but more expected to raise prices than cut them in the coming four.

The CBI's survey contrasted sharply with one by the British Chambers of Commerce (BCC) last week which suggested that the pace of recovery was slowing. CBI officials said that their survey covered only manufacturing firms, while the BCC survey covers both manufacturing and service industries.

The BCC also tends to reflect small business opinion more than the CBI. The BCC poll covered 3,539 manufacturing firms employing 623,000 people.

Mirror Group  
moves to buy  
Independent

LONDON, Jan 25: Britain's Mirror Group Newspapers (MGN) said Monday it has formed a consortium with shareholders in newspaper publishing, owner of the British newspaper The Independent, to make an offer to buy the group, reports AFP.

Recently escaped from the collapsed Maxwell empire, Mirror Group Newspapers, publisher of Britain's second highest selling The Daily Mirror, said it had formed the consortium with Spanish Group Promotora De Informacion Sa (Prisa), Italian groups Espresso international holding, and three directors of The Independent.

The consortium already accounts for 52.92 per cent of the capital in newspaper publishing, Mirror group said.

MGN said the offer to purchase the remainder of the capital would be made jointly by MGN, Prisa and Espresso.

## Iran to ship oil thru' Egypt

NICOSIA, Jan 25: Iran will start shipping oil through Egypt's Sued pipeline next month on its own account to bypass the international traders it has used in the past, the Middle East Economic Survey reported Monday, reports AP.

The authoritative oil industry newsletter said the move is part of Tehran's efforts to improve its oil marketing flexibility in the Mediterranean and northwest Europe and increase direct sales to customers rather than using outside traders.

It was not clear whether the deal with Sued indicates an easing in political tension between Iran and Egypt.

Tehran severed relations with Egypt in 1979 to protest

its US-brokered peace treaty with Israel, but in 1991 they reestablished interest sections in each other's capitals.

President Hosni Mubarak last year accused Iran's Islamic government of aiding Muslim extremists waging a war of terror against the Cairo government. Tehran denies the allegation.

The Sued pipeline, which runs from the Ain Sukhna terminal on the Gulf of Suez to the Sidi Kerir terminal on the Mediterranean, will allow Iran to sell oil directly to European customers.

Until last August, Iranian oil pumped through the pipeline was handled by international traders, such as Bay Oil and Phibro. But those arrange-

ments founded and the state-owned National Iranian Oil Co began negotiating directly with Sued.

Naft Iran, the trading subsidiary of NIOC, and Sued signed an agreement last July.

MEES said two Iranian shipments totalling 250,000 to 500,000 barrels are scheduled to transit the Sued system, which has a capacity of 1.68 million barrels a day, in February.

MEES said it was not yet known whether NIOC will retain storage facilities in Greece under a November agreement signed with Motor Oil Hellas, which operates a refinery complex at Agthi Theodoris, 44 miles (70 kilometres) west of Athens.



A H M Nurul Islam Chowdhury, Director General of Bangladesh Institute of Bank Management (BIBM), distributing certificates among the participants of a course on 'Business planning in Bangladesh' at its premises in the city yesterday.

## Transition to market economy — a painful way

Abu Ahmed  
Guest Columnist

Market economy, which depends on the forces of demand and supply and which uses price mechanism for resource allocation, offers the best of results in every sphere of economics by upholding a competitive system. When one talks of market economy one means an economy with competition, not an economy of a monopolist or of oligopolists. The phrase 'market economy' draws heavily on the concept of *laissez-faire* which in English means 'leave-it-alone'. By leaving it alone means the state should not interfere with the economic activities of the individuals.

The *laissez-faire* concept was influenced by the 18th century Scottish Economist Adam Smith who viewed that the individuals are the best judges of their welfare and when left free they not only promote their own interest in the best possible way but also promote that of the society in a more effective way than the gov't can. Adam Smith saw no contradiction between the interest of individuals and that of the society.

Today market economy has taken various names, such as free enterprise system, consumers economy, and in a somewhat negative sense, 'capitalism'. Whatever the name, a market economy takes on itself there are some

basic characteristics it must have. These characteristics are: provision for private ownership of property and wealth; the freedom to dispose of and on, the way to consume wealth and income; market places and the operation of the forces of demand and supply; and a price mechanism for resource allocation.

The state, in a market economy, is supposed to provide a swift and transparent court system, and also law and order. The above conditions of a market economy collectively provide the best of a competitive system and the consumers receive the goods and services at the minimum prices. Regulations and controls by the gov't are contrary to the norms and requirement of a market economy. But yet many market economies of the world have such restrictions, lest they should turn into a free-style economy. However, the economists are of the opinion that in a market economy regulations and controls should remain at a minimum.

A market economy becomes more meaningful when it thrives on and generates competition. Without competition, this economy does not attain its objectives, rather it creates conditions in a society which can be worse than those of a

command economy. Economic science, over the centuries, did not take one course, rather it assimilated in itself various notions of economic management. Karl Marx (1818-1883) and his financial backer Friedrich Engels (1820-1895) mounted the most serious intellectual challenges to what they called a market economy — a capitalism. Marx foresaw disastrous long-run consequences for capitalism as, according to him, the inherent tendency of capitalist was to substitute capital for labour even though labour is the only source of surplus value, and the system was bound to break down through class conflicts.

The October Revolution of 1917 in the former Soviet Union brought in an economic system based on Marxist theory of economic interpretation. From the Soviet System, the economists knew another system of economic management which became popularly known as command economies where decision about production and exchange were to be dictated by the state.

However, with the collapse of the former Soviet Union, and break up of the Socialist block, the command economies also lost ground, and now perhaps only available in the reference books for researchers. Today almost all

countries of the world are either refining market economies, or trying to convert their economies into market economies. Pure market economies were very hard to come by, even the most enthusiastic protagonists of market economy like the United States of America, and the Western Europe had large segments of their economies under gov't control. What the most of the market economies of the world have is some kind of mixture between private and public economies. Today, the rush is toward having more and more competitive economies across the world.

The question is, whether or not, to have market economies rather how quickly and how best market economies can be had. Those economies which earlier had semi-command economies with big public sectors now converting themselves into market economies by selling off the state enterprises and removing controls and regulations. 140 countries of the world are now liberalising their economies — meaning loosening the state control — under the World Bank-IMF economic prescriptions. The reforms toward market economy are being taken under various structural adjustments. The reforms programme chalked out are: privatising the

state-owned enterprises, rationalising exchange rate, freeing the rates of interest, and indirect control of monetary policy through using monetary instruments, cutting down the tariffs and other non-tariff barriers on imports, and trimming the size of the gov't etc.

Naturally when the above measures are followed, there will be hardships and dislocations in the economy in the interim period. The hardships may come in the form of loss of income distribution in favour of business and industrial classes, loss of traditional style of living etc. Some industries which were protected from outside competition in the past might face closure in the face of opening up of the economies to the outside world.

For Bangladesh, the problems are not unique, almost the same kind of problems the rest of the 140 countries which are following reforms under various structural adjustments are facing. We have a big-size gov't which is eating up about three-fourth of its earning for salary and wage payments leaving a meagre amount for infrastructure building. Our public sector enterprises including telephone, and electricity production and

supply are intolerably inefficient.

The financial sector, for years, was kept suppressed and made fit to serve a semi-command economy. The tasks of industrialisation was left to the few DFIs whose sources of fund were the gov't. Gov't money was used by the private borrowers, and the money did not go to the best of the uses.

Now the DFIs are bankrupt from the nonreceipt of the old loans. Bangladesh took a lengthy time to understand the needs for, and how to make dependent its economic structure on, a market economy. The penalty for delay was enormous, the Bangladesh economy was left far behind in the take-off process compared to other economies in the region. Hesitancy and ignorance pulled back us from what we should have done much earlier.

Today, by and large, market economy is yet a misunderstood concept even to the educated community in Bangladesh. Some of us want quick results of a market economy, again some others blame market economy for every ill this nation is facing. Market economy alone is not sufficient to generate growth, it is only a necessary condition. The sufficient condition must come from the gov't and the environment we present.