

## Parliament Derailed Again

Once again our Parliament's work has been derailed. Once again the valuable time of our public representatives is being wasted because of the stalemate created in the proceedings of the House. What was a perfectly sensible proposition by the Opposition — to schedule a debate on the Hebron massacre — was turned into a serious contentious matter because of a totally unnecessary, provocative and judgemental comment of a cabinet minister.

With opposition staying away from the Parliament for the whole day yesterday, the situation has taken on a more serious turn. The good that the withdrawal of the minister's remark achieved, was effectively neutralised by a hard-hitting press interview given by him the same evening, to a Bangla daily. Whatever prospect there was of the Opposition returning to the House yesterday, was lost. Thus the stalemate continues, much to the dismay of the public.

There are three distinct points that we would like to raise. First, why was the minister so callous about making a comment that was clearly going to hurt the religious sentiment of the Opposition. Starting with the reference to 'crocodile tears' and then following with the reference to the frequent use of the word 'Bismillah', it appears that the minister was determined to continue till the Opposition was provoked to take action. Otherwise why do something which was clearly intended to make fun of the religious sentiments of the politicians that the minister was addressing? It was in bad taste. It was also a very bad political move. The Opposition has already been able to force the minister to withdraw his remark, which itself constitutes a moral victory of the Opposition, and reflects the ethical bankruptcy of the original statement. After all, why make a statement that has to be withdrawn, — and then why withdraw if you believe in what you said. Do we have to say everything that we feel like? Suppose the minister concerned genuinely felt that there was a lot of public posturing in the Opposition's suggestions about the debate on Hebron killings. But, does that justify the blurring out of his feelings in such a mocking fashion? After all politics is a lot about saying things at the right moment, and also not saying things when the moment is not ripe.

The second point is about the Opposition's demand for an apology, in spite of the withdrawal of the comment by the minister. In some cases withdrawing what is said should be enough. But when what is said is insulting, and questions the veracity and integrity of a person, then mere withdrawal may not be sufficient. Once the damage is done by a humiliating remark, then obviously just withdrawing it does not restore the loss of dignity and honour the original remark caused. It would have benefited everybody, and saved the legislatures' valuable time if the minister did extend his regret for the remark, and put the whole incident behind us. It would also have looked like a magnanimous gesture on his part, which he would have done for the sake of proper functioning of the House.

Our final point is about the decision of the Opposition to continue its boycott of the parliament. Obviously its religious sentiment has been hurt. But we really should not make more out of it, than is necessary or just. Even if the first day's boycott could be taken to be justified, we feel that of the second day could have, and should have been avoided. The point has sufficiently been made, and the Treasury bench had been made to pay for the ill thought out statement. So why carry it further?

It is our hope that good sense will prevail on both sides and a way will be found to resume the work of the Sangsad.

## Too Lofty a Goal

The government penchant for lofty slogans shows no sign of relenting soon. One area of rhetorical abuse is education. How the education sector of the country has been promised one miracle after another is a common knowledge. Yet our Education Minister, Jamiruddin Sircar would like us to believe that the miracle of all miracles — i.e. the elimination of illiteracy from the country by the year 2000 — will still materialise. We would indeed be delighted to share the minister's optimism but for the obtaining objective situation in the area.

According to the Education Minister's own information, the country now smarts under a staggering illiteracy rate — 67.6 per cent above seven years of age to be precise. We are already in the first quarter of 1994 and left with only five-plus years to make literate not only the huge army of illiterate numbering between seven and eight crore, but also the additional number of school-age children claiming their stake by this time.

On the contrary, going by the government initiative to spread literacy among the population, we fear that a far greater number of illiterate will be cramming this small geographic but densely populated territory. According to education information and the Bureau of Statistics, the number of government primary schools has increased from 36,537 in 1972 to 49,568 by the year 1992. Now the picture that emerges is like this: in 1992, the number of primary school-going children was 17,356,000 and the country had only 49,568 schools. Assuming that each primary school accommodates 250 students on an average, there is a requirement for 69,400 of them. By the year 2000, the number of school-age children will increase to 19,695,000, requiring a total of 78,780 schools. In 1992, there was a shortage of 19,832 schools, the number of which will shoot up to 29,220 by then. A total of about 10,000 non-government primary schools are also included in this estimate.

This speaks all for the state of education in the country. But still a comparable study of the investments in education may help. The OECD (Organisation for Economic Co-operation and Development) countries top the list with a 5.5 per cent of their GNP expenditure on education, South Asia's share is 3.6 per cent as against Bangladesh's 2 per cent. The Bangladesh Government has done nothing special beyond allocating the so far highest percentage of the GNP — which unfortunately is lower than the Asian standard — to improve the situation. The government misses no opportunity to boast its budget allocation for education, but for a country lagging far behind its neighbours cannot expect to derive any spectacular benefits from this trickling-down resources for primary education.

# SAARC: Sub-groups for a More Viable Cooperation

by SY Bakht

Regional economic cooperation in South Asia would be more viable if the 7-nation SAARC region is divided into three sub-groups, according to their geographical proximity, suggests ambassador Abul Ahsan, a former diplomat and the first Secretary General of SAARC.

The urgency for a more meaningful economic cooperation in South Asia, he explains, has increased due to the end of the cold war and the subsequent formation of new trading blocks around the globe and the strengthening of the existing ones.

With the ongoing intense discussions, in recent seminars and other fora, on way to enhance regional cooperation under the SAARC umbrella, The Daily Star recently talked to ambassador Ahsan about the prevailing situation in the region and about the possibilities of expanding regional economic ties.

During the hour-long interview, the former Bangladesh envoy to the United States, who returned only recently from Washington, provided a fresh new dimension on the possibilities for starting a sub-regional cooperation drive in the SAARC region; talked about the existing limitations of the SAARC charter, the prevailing preoccupations of relationship among the member states and about the compelling reasons for initiating a more meaningful regional cooperation.

Regional economic cooperation among the SAARC member states, he points out, would be more feasible and effective if the region is divided into three sub-groups among the nations with closer border links and common economic interests.

All of the three sub-regions would include India because of the centrality of its location with borders with all SAARC member states, while none of the other members have common borders with each

other. "Because of this factor no viable regional cooperation in South Asia is possible without the active participation of India."

Thus, with India as a common link point, ambassador Ahsan points out, the SAARC region can be divided into the northeastern region with Bangladesh, Nepal and Bhutan, the southern region with Sri Lanka and the Maldives and the northwestern region with India and Pakistan.

The northeastern region of SAARC, he adds, has the maximum potential for any such regional economic cooperation because of the commonality of the problems and interests of these countries.

Along with the northeastern states of India, he noted, this area is the most densely populated and backward region in SAARC while they also share common problems like floods and Nepal, Bhutan and the Indian states are largely isolated.

"India's problem is that the resources of its northeastern sister states cannot be exploited without the cooperation of Bangladesh" while Nepal and Bhutan can also use the transit facilities through the country. The region, as a whole, can also benefit by initiating a common approach in tackling the perennial flood problem caused by the common rivers, harnessing the water resources and generating hydro-electricity. This region is where there can be dramatic cooperation in which all countries would benefit and the results could be far-reaching. The existing SAARC charter, he notes, also provides for such cooperations not encompassing all the member states but only among some members through the formation of action committees.

However, he points out that the SAARC charter does have some peculiarities compared to other similar regional

groupings elsewhere. And he is the person who should know about the peculiarities as he was the Chairman of the Drafting Committee at the first SAARC summit in 1985 as the Foreign Secretary of Bangladesh. He later became its first Secretary General in 1987.

The SAARC charter stipulates that all decisions have to be unanimous; funding has to be through voluntary contribution, bilateral issues cannot be raised.

The only concrete proposition of the charter, he observes, "is that it will work towards improving the economic and social conditions of the people in the region and create better understanding among the member states. But it does not envisage any qualitative transformation in the nature and scope of cooperation or change of relationship among the member states."

Some other peculiarities of the SAARC charter, he says, are that all SAARC programmes and projects are decentralised and proposed by individual members, there is no central administration and funding and the core areas of economic cooperation, like finance, investment and industry, have been left out.

And although a tentative accord on the South Asian Preferential Trading Arrangement (SAPTA) was reached during the last SAARC summit, it is not geared up yet.

In contrast, he notes, when the European Commission was launched in 1957 through the Treaty of Rome, political and economic integration was visualised with the ultimate goal of forming a more closer type of association among the member states.

The cautious beginning of SAARC was perhaps because the leaders of the member states were conscious about

the difficulty they would encounter in overcoming the legacy of misunderstanding, suspicion and conflict that marked the history of the region, he explained.

The SAARC leaders perhaps wanted to make a beginning in the hope that success in regional cooperation through SAARC would gradually widen and deepen the scope of cooperation among the member states.

He went on to acknowledge that after nearly 10 years since the first summit in 1985, SAARC has managed to achieve the initial objectives of bringing the people closer and to increase the level of consciousness about each other. "In that sense SAARC has been able to achieve a great breakthrough in promoting the idea of regional cooperation, which is a very positive aspect and which can create the foundations on which regional cooperation can be founded."

Identifying the major preoccupations of the SAARC member states as security and territorial integrity, ambassador Ahsan also notes that they also need economic and technical aid, trade and investment and transfer of technology.

"But the way things stand now almost none of the South Asian nations feel that their next-door neighbour can help them in any significant way in meeting any of the above needs."

Thus, over a period of time some major SAARC members, he notes, took steps to substitute their dependency and links with their neighbours by developing economic and political links with nations outside the region. This was partly necessary because of the changing political and economic environment in the post Second World War period and as a consequence of the cold war, he says. "But equally most member nations did it as a matter of conscious policy

because they wanted to reduce their dependence on the neighbours."

"Not every country in the region is equally convinced that cooperation in South Asia is their priority, that it is necessary or even desirable." As a result all the existing communication and trading links among the South Asian nations have dwindled over a period of time and the nature of the relationship among the nations saw a drastic change, he notes.

But are these historical factors inhibiting the change towards greater cooperation. Not of course, if there is enough political will to change, replied the former diplomat.

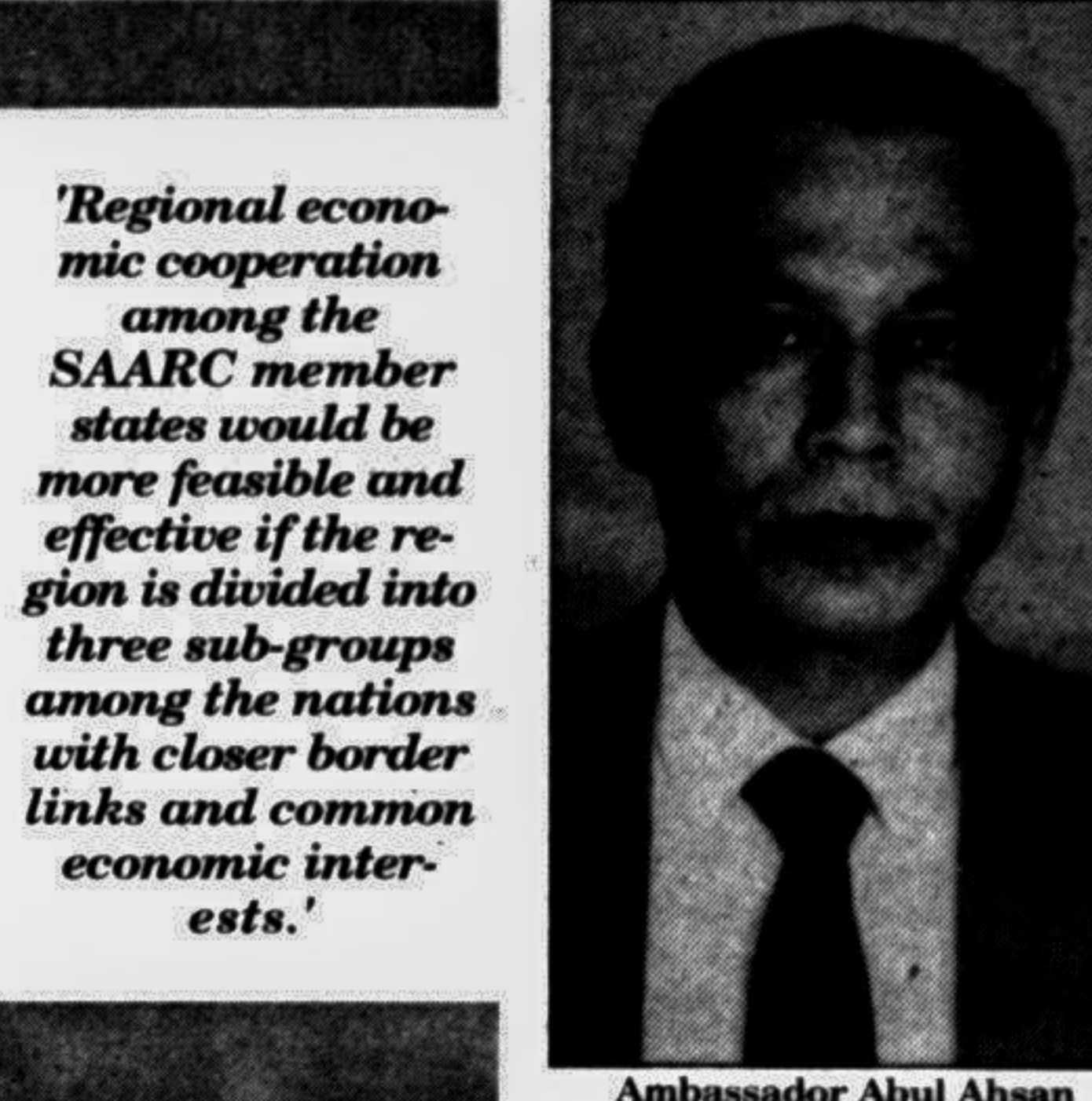
But the importance of resuming, or starting a new regional cooperation in South Asia has gained momentum in recent years as a large number of countries around the world have formed regional trading blocks or are showing interest in joining one. Ambassador Ahsan points out.

A number of other recent positive developments would also perhaps encourage the South Asian countries to take up the issue of regional economic cooperation more seriously, he says.

The end of the cold war would bring about changes in the security aspect of the region, democratisation in Bangladesh, Nepal and Pakistan and the economic liberalisation throughout the region would also open up a new era in regional economic cooperation.

But the most important reason favouring regional cooperation, he adds, is that the people and the leadership are realising that people around the world are moving ahead and South Asia, with the highest number of people below the poverty line, may be left behind.

Thus, ambassador Ahsan points out, South Asia is being forced to think in terms of regional cooperation.



Ambassador Abul Ahsan

**Regional economic cooperation among the SAARC member states would be more feasible and effective if the region is divided into three sub-groups among the nations with closer border links and common economic interests.**

As most people know the economic policy environment has undergone rapid changes over the last decade and especially over the last two years, at least on paper. The major thrust of these policy changes towards liberalization, deregulation and private sector based development are necessary and positive developments. This is not the time or place to delve into the theoretical or practical intricacies to justify this statement. Let me only point to some of the examples of a broad spectrum of countries that have been following the same course of liberal reforms. Mexico, Zimbabwe and, victorious, revolutionary Vietnam. There are very good reasons why these countries in three different continents found it necessary to scrap, to varying extents, the previous strategies of state led growth and development. The past strategies has simply failed to sustain their growth in the face of changing conditions, domestic and global.

The case of Vietnam is particularly profound in this regard. This is a country that built a planning and organizational mechanism strong enough to defeat the foremost superpower in war. Yet, when it came to running the economy, the country has had to increasingly, and now perhaps primarily, rely on the market mechanism to drive its economic growth and welfare. This has been so to the point where the market oriented economy of the south now acts as the engine of growth. We can dismiss these lessons from across the world only at our peril. The consequences of such an obstinate attitude will be continuing low productivity, low investment, missed foreign investment and technology transfer, in short, economic disaster.

This of course is not to say that all is well with the recent spate of economic policy changes. But ironically, one of the biggest weaknesses of the

## An Optimistic View from Outside — II Economic Developments : Policy Reforms

by Ahmad Ahsan

recent wave of policy reforms is that it has not been, to use Americanese, sold well to the people; i.e. the need for these policy changes and its trade-offs in the form of short run costs to some people vis a vis long run gain for the country has not been adequately explained. One high cost of the government's failure to explain their economic policies well, is the resulting perception that these policies are being dictated from the outside and are consequently inimical to our welfare. It hardly needs to be emphasized that such a perception is not beneficial either to the effective implementation of these much needed policy reforms or to the political image of the government.

The government needs to take the initiative here and resolve its problems in communicating to the people by explaining the economic policy reforms in the most concrete terms possible. For instance, it needs to explain: Why is the introduction and the revenue collection success of the VAT a good thing? How does import liberalization help the country? Why is it necessary to stop the fiscal hemorrhage by privatizing the gamut of loss making industries and what trade off to these loss making public enterprises have in terms of lost schools, hospitals, roads and other necessary public goods?

There are also other specific aspects of the present economic policies that can and need to be questioned. For example how much attention have we paid to the need for carefully sequencing the liberalization of the economy? Have we embarked on an overly swift course of trade liberalization and tariff reductions relative to one of our chief trading partners, India, forsaking all reciprocity?

Do we need a pro-active,

supportive government policy for the vital task of promoting manufactured exports? Has the government abdicated too much of its responsibility in the area of industrial policy? Why has the liberalization of interest rates been accompanied by a large spread between saving and lending interest rates? Are we bearing too high a price for fiscal and monetary prudence in terms of real sector performance? How sensible is a 1-2% inflation rate — though this is probably underestimated because the share of rice is overly weighted — for a developing economy like ours? Perhaps even the extremely conservative Bundesbank would be startled at such a turn of events in an economy like Bangladesh. Of course, the list of these questions can be enlarged.

But, to repeat, the broad thrust of economic policies that stresses liberalization and deregulation is profoundly right and necessary. Take the case of import policy for instance, five years ago our ministries were controlling the imports of some 2306 items. That is bureaucrats, sitting in their offices with little or no experience in business, were deciding on the state of supply and demand, and the economic value of these 2,306 items; implicitly they were also passing judgement on the value of all economic activities that depended on these imported items. Now, what information and what kind of qualifications did these civil servants have to wield such decision making power? Also how much real resources were being wasted in the legitimate and illegitimate lobbying of these civil servants by importers trying to get, or evade, the licensing of these restricted items. No doubt this lobbying amounted to a

rather costly game of hide and seek between these two parties in this maize of import controls. Now, thankfully, this absurd situation has been ameliorated, and as of last year the imports of only 584 such items were still on the controlled list.

Take also the case of tariffs. One interesting thing that I have noticed in my recent trips is the widespread awareness of the price that consumers have to pay for higher protection. As economists know very well, only part of this higher price paid by consumers goes to pay producers and as government revenue, that hopefully will be productively spent. But another portion of the lost value simply disappears and represents a real loss to national income.

But this does not necessarily call for a simple minded return to the fictional world of free trade. There are indeed grounds for protection of infant industries that are potentially competitive by world standards. When other and learning, higher manufacturing production, investment and savings are not available, one can make respectable case for protection from economic theory.

As an aside, I find it particularly interesting when American economists vehemently and one-sidedly emphasize the benefits of free trade for an economy, ignoring all nuances. Historically, efficiently or not, the might of American manufacturing grew under a nearly century long policy of protection — though perhaps not on the scale seen in developing countries. Also, the true father of the infant industry argument for protection was Alexander Hamilton, the first Secretary of the Treasury. Friedrich List, the German ministry who is com-

monly regarded as the father of the infant industry theory obtained his ideas from Hamilton, when List was living in Philadelphia.

But then having said all this we still have to beware. The arguments that I have just mentioned above have been much abused, in practice, in the past to justify all kinds of disastrous protectionist policies in the past in developing countries. To make trade protection effective some key questions have to be tackled first: how much protection, or for how long? Very difficult questions and hardly resolved among economists. And contrary to widespread impressions, the present wave of tariff reforms has not completely exposed our manufacturing sector. The average nominal import tax based protection rate for manufacturing goods stood at 50% last year as opposed to say some 90% five years ago. Now a protection rate of 50% — I ignore the factor of the dispersion of tariff rates — is still fairly healthy, and to ask for more protection manufacturers have to make a very good case of why they should be less than half as efficient than their foreign competitors when they start, and how also they plan to increase their efficiency and reduce their dependence on protection.

This last is important because to be economically effective protection has to be temporary. If their is one key lesson of trade and industrial policy from the super growth economies of the Far East, it is not that they did not protect their industries, but rather they were ruthless when the time came to withdraw protection. The reasoning is fairly intuitive. If manufacturers know that protection is going to last, they will have little incentive to invest and acquire technology so that they can be globally efficient. Thus the government has to make it clear that whatever protection that manufacturers will be given will only be temporary. This, unfortunately, in both theory and practice, is much more easier said than done. This will require considerable political strength, but again this strength can be obtained if one does the job of explaining the simple basics of the new policies well to the people, by taking the people into confidence. There is no room here to make that tired, old, argument that the people of our country are too illiterate to understand all this.

But what the preceding discussion in the last few paragraphs also imply that there is scope for a pro-active industrial policy and fine tuning the recent spate of reforms. After all Bangladesh is not Mexico, nor even India — where protection is arguably considerably higher — in its state of industrial development. The government needs to think more of what it can do to support the growth and productivity of small industries, especially in the informal sector, the growth of manufacturing exports and acquisition of technology. But this must not be implemented in the tradition of past, where rent seeking and

ad hocism held complete sway. Rather the government and the private sector needs to work in a spirit of partnership, perhaps working through regular meetings of what has been called the 'deliberation councils' in the Far East.

Having said this, the danger of the wrong, highhanded kind of government intervention is still paramount. Even after all these reforms there is still too much of government intervention in too many economic decisions that should be left to the private sector. Let me give one stark example from our 'success story' sector, garments. It appears that the ministry in charge of regulating this sector had decided, for reasons best known to them, that we would reserve 20% of our US garment quotas for the month of January. This was despite all protests to the contrary by the garments manufacturers. But our bureaucrats, led by their bureaucratic turned politician, decided that they, in their perennial wisdom, knew better. Well the inevitable happened. It proved too difficult to process such a large volume of exports in one month and we undershot our quota target by a substantial margin. This could have very real costs, as the US quota next year may be down by the amount of the unutilized quota.

Equally important as further sustaining these pro-market reforms through legislation and law is how to actually implement the reforms that have already taken place in paper. That is how does one persuade our bureaucracy, our customs and police to respect the new laws and to try and cultivate an attitude of cooperation with the private sector. Those who know of the terrible incident at Zia International Airport, where one of the leading garments exporters, Mr Nurul Huq Shikder, was grossly humiliated and manhandled by customs officials will understand what I am talking about.

At this point it is necessary to emphasize something. A move to economic liberalization and deregulation does not imply that the state or government does not have a role to play in the economy, even that the role of the state is even less important than before. On the contrary, such a change probably implies that the state's role is in some sense even more important; but it is a role that has to be played with more focus and greater effectiveness.

Instead of trying to do too many things all at once, the economic role of the state should focus hard on a few critical areas where market failures abound, i.e. in those areas where, to use jargon, economic externalities or spillovers abound. To give one class of examples, ill defined property rights cause markets fails to adequately supply beneficial, goods, or conversely supplies too much of harmful goods. Thus the market, by definition, will not supply enough of public services like law and order, primary schooling, immunization, garbage cleaning, funding for technology and research, roads and highways in many areas, etc. And accordingly the state should channel its resources to these areas rather than to areas where the private sector can do the job

## To the Editor

### Treatment of leukaemia

Sir, In the sudden demise of Anwarul Islam Bobby, founder-editor of the English language daily, The Morning Sun, the nation has lost an eminent journalist and editor. We deeply mourn his death and extend our sympathy to the members of the bereaved family. May his soul rest in peace in heaven.

He was reportedly attacked by leukaemia which caused his untimely death. Every living being has to experience the taste of death but efforts for keeping oneself alive is also a compulsory task. Can't we develop facilities for treating blood cancer or leukaemia patients in our own country? Mr Bobby was flying to London for treatment but he died on the way at Al-Rashid hospital in Dubai.

Again it took about three hours to complete the immigration formalities at Dubai airport before Mr Bobby could be

rushed to a hospital for emergency treatment. I strongly feel that the immigration authority of all the countries should jointly take a decision to waive all the immigration formalities for an emergency patient and to extend all help to arrange medical service for him/her.

M Zahidul Haque  
Asstt Prof, BAU, Dhaka.

### Tax Bhaban

Sir, Principal sources of government revenue are taxes like income tax, gift tax, capital gain tax etc. At present most of the taxes offices are functioning in hired buildings in different parts of the city.

Their locations are changed frequently much to inconvenience of the assesses. We have a lot of gigantic offices like 'Sarak Bhaban', 'Purta Bhaban', 'Nagar Bhaban', 'Biddyat Bhaban', 'Shilpa Bhaban', etc. Can we not have a permanent

central 'Kar Bhaban' in Dhaka which will enable assesses to reach there easily and will also save the government huge amount of rent charges which it is paying every year. There may be lot of bungling in the hiring process also. A major revenue earning department should have a befitting office of its own at least in the metropolis.

May I, therefore, request the Parliamentary Committee or the Ministry of Finance and the Planning Commission to give a thought to it.

Saleh Ahmed Chowdhury  
Dhaka Cantonment

### Shahid Lt Selim and BIT, Rajshahi

Sir, The 22nd death anniversary of freedom fighter Shahid Lt Selim Mohammed Kamrul Hasan (Bir Pratik) observed on 30th January. Lt Selim was the son of Dr M A Shikder of Barisal. He along with his younger brother Lt Anisul Hasan (Bir Pratik)

joined the War of Liberation and became a martyr on January 30, 1972 while he was on duty to supervise the surrender of arms at Section No 12 Mirpur.

Lt Selim was a student of the then Rajshahi Engineering College (BIT) and was the assistant sport secretary of the central students' union. The main residential hall of present BIT, Rajshahi has been named after him. But it is a matter of great regret that his death anniversary though observed by his family and Lt Selim Shikshalaya at Modhubag, Moghbazar, Dhaka, the date seems to be clearly unknown to the administration, hall union, central students' union and even to most of the student organizations of BIT, Rajshahi. Students of this institute do not know that they have a 'Bir Pratik'. There are eleven martyrs (students and employees) from this institute and they are also likewise forgotten. Isn't it a matter of shame?

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