

An Enlightened Policy for Books

The National Book Policy, promised by the Prime Minister way back in December 1991, was made public on Wednesday by State Minister for Culture Jahanara Begum. The Bengalees are a proud people and would accept their lowly economic status only sulkily saying we can be poor in *bitta* (material wealth) but we have never been and neither we are now poor in *chitta* (wealth of the mind). A terrible and utterly shameful state of readership and publication, book situation that is, has over the last few decades eaten up the substance that was there in a disadvantaged people's helpless last recourse to pride.

We welcome the Book Policy as it attempts to address that problem meaningfully. The Policy has taken into consideration all that is relevant by way of production and trading and promotion of books and has taken very wise, enlightened and modern approaches to the many aspects of the job of turning ours into a book-oriented society. Myopic trading interests have long been influencing executive and state powers to look at the book question from a purely protectionist anti-quality point giving cover to lack of development and intellectual stagnation. The Policy comes clean of that degenerative palaver and makes its commitment to the free flow of knowledge and art very clear.

There is in the Policy pledges supportive of all who are involved in the book thing — wage and job security has for the first time been made a state policy in this sector — and of everything needed to improve the financing and excellence of book production. The point now is will the government apply itself with a will and with enough commitment to make the good things in the Policy materialise? Their sincerity would have a quick test in two important cases: Tariff on import of books should immediately cease to exist and the school text-books start looking up in quality of printing, paper, format and content in a matter of months.

A particularly bright feature of the Policy is the long and explicit provision it has made for library development starting off with the pledge of enacting library legislation. It is virtually a blueprint for covering the whole land with libraries.

Piracy has of late been assuming the size and malignancy of a plague and the Policy asks for 'adequate legal and administrative measures for effective copyright protection'. Curbing all forms of book piracy?

The Book Policy is a list of things that the government feels it can and will deliver in the interest of the development of that supremely important aspect of a society's existence: books. The Policy is a sacrament binding the government to what it has formulated of its own will. Any dereliction in the execution of this will bring discredit to it.

However, not all things required for the ushering of a book revolution in Bangladesh are amenable to government manipulation, howsoever well-intentioned. No policy can raise a crop of writers that can change the society. And no policy can make this a nation of readers after decades of lording it over by unreading social and political leaderships. Unlike in the British colonial times, success in life in the last half of a century has been a preserve of the unlettered. How will this Policy or any other change all that within a helpful timeframe?

People will have to be involved on a very broad scale. Let the Policy invite and engender a social and cultural movement that will generate great writers and book workers as well as a nation full of ardent readers and serious learners.

Everything around us either makes or breaks. It is only books that do not break anything except things negating life and development. It only makes. We need books very badly, all kinds of them. The Book Policy is geared to this great happening and we are grateful to all who joined in the making of it.

A Social Rot

After adulterated food-stuffs, counterfeit goods, and spurious drugs, now comes the news of fake cosmetics. The police unearthed on Tuesday from Bou Bazar, Pagla, in Narayanganj a factory that had been manufacturing a whole variety of counterfeit cosmetics. Some of the brands the so-called Golden Chemical Works used to copy are quite prestigious and popular among the consumers.

It is a mind-boggling story that always starts originating at the manufacturers' and traders' levels. Only a tiny bit comes to the public. At work behind the unethical and illegal manufacturing and business practices is no less a motive than to make money as quickly as possible. The fact that such deceptive practices were once something of a rare crime does not hold good any more. Today, profit motive has won over business ethics and manufacturing morality. No wonder that more people now are engaged in the short-cut practice of making quick buck than ever before.

There is no reason to think that manufacturing and trading themselves are to blame for such developments. There are still reputed companies and traders who dislike to compromise their business ethics or contravene the manufacturing laws. It is more or less a reflection of the rot set in the social body where politicians and dishonest traders and industrialists or manufacturers have tried to hold sway over the rest through enforcing their own monopoly. In fact, unclean politics and a polluted environment for production and trading have conspired together to throw away the interests — both short-term and long-term — of the common people out of the window.

As long as those in the running of things do not mend their ways, there is no hope of bringing society on to the right track. The small fries will sometimes get caught but that will make no differences in the overall socio-economic environment of the country. The impetus must, therefore, come from the political side. Cleaner politics coupled with ideological commitment can help blow fresh air in the various societal affairs. When grossly inequitable distribution of wealth defeats the very aspiration of a nation, making a mockery of the human rights, all activities — including politics — lose their meanings. Raw consumerism and lack of patriotism have proved a national bane by this time. The nation is divided by a sharp barrier on one side of which is a minority consumer aristocracy and on the other the powerless majority consumers. This barrier has to be broken if production and trade are expected to boom.

Education as Spring-board for Economic Reforms

by Abdul Bayes

A 5-member delegation of the Bangladesh Economic Association, led by Professor Anisur Rahman, attended the Platinum Jubilee Conference of the Indian Economic Association, held during 17-24 February, 1994. Thematically based on the various reform programmes currently on in India, the inaugural session of the conference was graced by the presence of Dr. Manmohan Singh, the Finance Minister of India and was addressed, among others, by the Governor of the state of Maharashtra, Dr. P. C. Alexander. In his address, Dr. Alexander introduced a paper to the audience: Can economic reforms bear fruits without educational reforms? The Hon'ble Governor seemed suspicious of any positive outcome from the current maze of economic reforms without paying due respect to the educational reforms simultaneously, if not earlier. An avalanche of empirical evidence was then presented to substantiate the hypothesis that educational reform is a pre-requisite for any kind of economic reforms. Needless to mention, his sharp remarks on the fragile educational status in India, especially of the Universities, appeared to stand hardly far from that of Bangladesh.

Education and Development

According to the experts, education contributes to the enhancement of the productivity frontier of the most important input labour and thus enables a higher cost effective growth rate of output. First, it contributes to the improvement of the quality of life of all, especially, of the poorest and the most disadvantaged. Second, education helps raise the empowerment of the poor and thereby enhance the resistance capacity to exploitation and ensure rightful bargains in

economic transactions. Education also facilitates access to more remunerative employment.

The economics of education, mainly of primary and secondary, in Bangladesh was clearly spelt out in a study of BIDS (By Mahabub Hossain) where the author attempted to show that the return from the use of modern inputs in agriculture to an educated farmer is substantially higher as compared with that to the non-educated ones. From other studies, it could be observed that the level of education stood as a powerful explanatory variable for the differential rate of return from investment in non-farm activities. If the opportunity of access to education could be extended to the low income group in the society, the fruits of economic growth could reach them. Economist T. Schultz, in his presidential address to the American Economic Association meet in 1960, emphatically emphasised the importance of creating human resource through education that, later on, revolutionised thoughts on education and development. It is now being generally recognised that spending money on education is an investment to create human resource. Education is not only a production oriented investment but also an equity and welfare oriented instrument in the society. Education is also an important determinant of life expectancy, infant mortality, health status which together contribute to the generation of a productive manpower.

What Education We are Talking About?

Various less developed countries, including Bangladesh, continued to emphasise the role of higher education and, quite obviously, devoted relatively more energy and

resources in that direction. The strategy resulted in, as some findings tend to indicate, inequitable distribution of income on the one hand and negated the build-up of an efficient human resource, on the other. The budgetary allocation has long been sliced out of the primary and secondary education to feed the relatively unproductive higher education and also the other unproductive sectors. It is calculated that if the average period which children spend in schools in India was increased by a year, it would raise GDP by a fifth — a far cheaper and more effective method than boosting output by conventional means.

But the story is quite different in other countries that we often talk of as our model for growth. During the period 1960-85, India, Pakistan and Nepal almost doubled the literacy rate but Bangladesh could only raise it from 22 per cent to 30 per cent during the same period of time. In Indonesia, the literacy rate of 39 per cent in 1960 shot up to 72 per cent within a span of two decades or so. South Korea moved from a relatively better situation of 50 per cent to 100 per cent. Thailand reached 90 per cent. The basic strategy that was followed in South East Asian countries was to ensure the attainment of universal primary education rather than go for secondary and at the last lap, emphasise higher education.

Educational Status in Bangladesh

The Constitution of Bangladesh makes the State responsible for the provision of free and compulsory education and removal of illiteracy. As per Article 17 of the Constitution, the State shall see that: (a) a uniform, mass

oriented and universal system of education is established with the provision of free and compulsory education to all children up to such stages as may be determined by law; (b) education relates to the needs of society; and (c) illiteracy is removed within such time as may be determined by law.

There is, perhaps, no denying the fact that adherence to the Constitutional mandates elucidated above could hardly be worthy of mention. After 23 years of independence, the nation is groaning with a literacy rate of only 30 per cent. It is being reported that about 40 per cent of those aged for primary teaching don't go for it at all. Again, among those who do go, about one-third tend to drop out before reaching class I and 70 per cent of them drop out before reaching class V. The primary and secondary education have differentiated modes of operation and operational expenses. In the case of higher education, the prospect appears disconcerting by the fact that more than 1 lakh students left the country to study in other countries, that the universities remain closed for a larger part of the academic year due to unforeseen contingencies and that most of the university curriculum has very little relevance to the emerging socio-economic imperatives.

East-Asian Lesson

For economic productivity, the quantity of labour matters a little but quality counts the most. Experiences from other countries suggest that East Asia has been unusually canny in the early stages of industrialisation by emphasising on primary and secondary education and, to that effect, pouring educational resources. At this stage, the importance of university education got de-

emphasised. East Asia has even been canny by educating girls as extensively as boys. The first advantage of this was that it helped produce a swift decline in fertility rates and second, it gave boost to the teaching by mothers at home which benefited children before and even after they went for formal schooling.

It does not, for that matter, indicate that those countries of East Asia poured more money into education than other developing countries did. In 1989, the average expenses on education in East Asia was 3.7 per cent of GDP compared to 3.6 per cent in other developing countries. Whereas in Latin America and the Indian sub-continent spendings were lavish on universities, in East Asia most of the funding was for teaching basics to the children. The extreme contrast is provided by South Korea, Venezuela and Bangladesh: in 1985, the Koreans spent 10 per cent of their education budget on universities, the Venezuelans 43 per cent and Bangladesh 44 per cent.

Early on in country's climb up the income tree, a Korea-like ratio has two advantages. It increases the productivity of the mass of the work force which is what counts in a country whose comparative advantage will temporarily be in light manufacturing. Second, it does so by promoting income equality, consumer spending power and broad support for high growth pro-business policies; the well-off are after all, everywhere over represented at university level.

The most important lessons to be derived from the experiences of the developed countries and the NICs are: (i) it is the primary and secondary education that should receive the top priority in the realm of thoughts on education and development. It may be noted

here that Indonesia spends 89 per cent of the educational budget on primary education and South Korea 84 per cent as compared to only 40 per cent in Bangladesh; (ii) it is not merely budgetary allocation per se that should constitute the bone of contention but the nature of expenses incurred is also to be taken into account. Universities in Bangladesh are reported to be spending far too high a proportion of their total budget on staff salaries and often the bigger chunk is on those who don't teach. Similar is the case with primary and secondary levels where less is spent on improving the quality of education; (iii) in many countries, donations to universities are exempted from income tax encouraging the richer section to pour money into university education.

The Last Word

Dr. Alexander's remarks on education and economic reforms, as noted earlier, are quite thought-provoking for us. The globalisation of the economy via market oriented reforms would put the thrust on efficiency in resource use. At micro level enhanced productivity is likely to come from basic education and skill training of labour. For that to occur, a rethinking in terms of prioritisation of educational steps is urgently called for. And experience from different countries tend to suggest that it could never be done by government alone. The government, the opposition, and the others concerned should regard this as the topmost agenda to be accomplished. A non-partisan, national drive is called for. If necessary, inputs from universities and colleges, from defence and from other governmental establishments could be utilised for the fulfilment of this challenging task within a shorter period of time.

An Optimistic View from Outside — III

Economic Development : Recent Performances

by Ahmad Ahsan

NOW to come to actual developments that have taken place. There sometimes seems to be an impression in the minds of too many people that the recent policy developments have resulted in a broad failure in economic performance. Or, in the more sophisticated version of this argument, while the macroeconomic policy reforms have worked to some extent, the microeconomics, the economics at the level of the firm and consumer has been left in the lurch.

It is hardly possible in this already too lengthy a piece to discuss economic performance in much detail. But let me make some broad points. One, yes, there has been no lift-off. But seriously, amidst all the uncertainty and opposition to policy reforms that now exist, any expectations of an economic lift-off are a bit absurd. But on the other hand though there has hardly been any disaster in economic performance. Take real growth of aggregate output, real GDP. The growth performance in the last two years of roughly around 4.3% (Bangladesh Bank and World Bank figures) in real terms is not any less than the unweighted average growth of 4.1% between fiscal 1982 and 1991. And of course growth has taken place from a significantly larger base. More telling is the performance record of the manufacturing sector: it grew in real terms by 7.3% and 7.7% in the last two years as opposed to the unweighted average growth of 3.2% between 1982 and 1991. Yet, one hears a lot, from many in the private sector, how well the economy was performing in the Ershad years and how the economy has stagnated in recent years.

It is true that there is nothing exciting about a 4% GDP growth rate. But the results of economic liberalization does not appear all at once. In many countries in all three continents of the developing world growth rates of GDP, and especially manufacturing, takes a dip before, they rise again in something like a U turn — indeed, I dare say that this trend is more often the case than not. This is the necessary result of the reallocation of factors of production as inefficient, non-competitive

firms die down and some unemployment of factors of production takes place. In that respect we have not done too bad as there is no sign of such a pattern in our growth rates. In any case, the point is that fast growth is not automatic. The government has to settle down, the private sector's expectations have to be stable and uncertainty has to be reduced before we can expect any such acceleration in performance.

Now take the case of savings. The financial reform policies in the past few years, that have included the liberalization and deregulation of interest rate setting, appears to have been accompanied by very impressive surge in domestic savings by more than 40% in each of the last two years. Now one can hardly fail to be impressed by this indicator.

A part of this growth in savings have been generated by a boom in fiscal revenues vis a vis current expenditures. The revenue surplus doubled from Tk 513 crore to Tk 1617 crore in the span of one year, between fiscal '91 and fiscal '92. A lot of the credit for this goes to the introduction of the VAT. The revenue budget surplus figure just about matches the size of VAT collections of Tk 1676 crore, which started from a zero base the previous year.

But what good does this VAT represent? As mentioned it leads to higher public savings, which if used wisely, will go to funding vitally needed physical infrastructure and human resource development. Roads, bridges, power, schools, colleges and hospitals have to be built. This has to be paid for and surely, it must be understood, that this is critical for raising productivity, in both the public and private sectors in this country. It is, by now, well known that we have serious problems on the expenditure side, in efficiently executing public sector projects and this is dragging our investment down. But at least we have made a critical start and the authorities should feel encouraged by their success on the revenue side to now effectively tackle the expenditure side.

Consider now exports. The growth of manufactured exports, dominated overwhelmingly but not exclusively by

garments, have been nothing less than phenomenal, probably never to be repeated at any other time and any other place. In the last ten years the garments exports have risen by some twenty times in terms of export value. Bangladeshi garments exports have proudly planted the flag of Bangladesh in the markets of Europe and North America. By 1991 figures as a source for ready-made garments, Bangladesh was number one in Europe and number four in the US.

It is true that the net exports in this, our value added is much lower, as the nay sayers never tire of pointing out. But it has been increasing and the value added component of garments now stands at around 25%. Moreover, this low figure also means that there is tremendous scope for growth and investment in the spinning and weaving sectors that feeds the garments sectors. That is, one way to look at the low value added is that it represents a scope for growth, waiting billions of dollars of investment.

But some will say, now that our quotas are about to be withdrawn we will lose this market. Yes, we will if our garments manufacturers feel that way, but thankfully they do not. Indeed there are signs that many of them are already going upmarket: to give one instance we already produce the quite fashionable Levi's Dockers, that can set consumers back by some \$40 in that US market. The other, no less important aspect of the industry is that it employs, to be conservative, some 6 to 7 lac workers. The progressive and liberating side of the market and private sector becomes evident when you realise that many of these workers are women and in these terms a quiet, but major social change has taken place. Should we complain about this?

The next question is, of course, how can we diversify our exports further? There are already some progress in the areas of say shrimps, sea food, ceramics and leather. But it is clear that growth in this next generation of products will be more difficult than garments, as sales of garments have been principally induced by the de-

manders. We have not had to worry about marketing in that sector. In this next generation of products though, we will need considerably greater efforts on marketing, on ensuring quality control. It is likely that the government will have to play a more pro-active role in initiating, co-ordinating and supporting growth in these activities.

The main Achilles heel of the economy in recent years has been investment. Investment, both public and private, has been down in recent years, declining from say 12.8% of GDP in fiscal 1985 to 10.4% in fiscal 1992. The declining trend in the private sector was even more marked, from 7.3% to 5.6%. This is no doubt disturbing, and we will have to rectify this quickly. Unless we can talk of investment share of around 20% sometime in the not too distant future we will not really be on the take-off path. It is not just a matter that investment has been on a declining trend in recent years, but also a matter of how do we raise the level of investment from its historical trends. The key question is what prevent us from raising this investment rate, especially private investment rate? Well, this answer requires thorough research and the government better take up this question with the topmost priority? But we can point to several factors behind this development. One, government's capacity to design and execute, vital, public investment projects needs a thorough overhaul. It is now no longer a question of money, we have both taka savings — thanks mainly to the VAT — and large amounts of foreign exchange in the pipeline. Now it is almost exclusively a question of capabilities of the public administration system. Let us face it, the old, generalist based, civil service system is simply not doing its job well. Without going into details it has seemed to me that the Prokrich, for instance, as advanced several interesting proposals to upgrade the technical capabilities of the administration. The government should take them more seriously.

In the case of the private sector investment two things are noteworthy. First, an investment pause — a dip in private sector investment — when major policy changes are taking place is a very logical matter in terms of economic theory. Quite naturally investors in the margin will hesitate to put their assets into illiquid, somewhat irreversible investments when the policy environment is changing rapidly, or if the economic and political conditions are unstable. Indeed in those terms the fall in private investment is not unlike what has been seen in the case of many other countries. And in keeping with the trend in other countries, there is already some good news in this regard. In fact, there is already some good news in this sector. By the latest Bangladesh Bank figures private investment already may have taken a significant upturn: in fiscal '92 were approved private investment in manufacturing was roughly Tk 750 crores, it has more than doubled to Tk 1792 crores in fiscal '93. This is quite encouraging.

In a lighter vein, let me point out something. It seems to me that there are resources in the country with the private sector. Take, for instance, the thousands of people in Dhaka city that drives around with new Toyota Corollas or even more expensive cars. I see them as driving BMWs or even the lower end of Mercedes Benz cars, and certainly Volvos and Saabs. Because with the price that the owners have paid for these cars here they could have brought the BMWs in the US market. Or take real estate prices. The owners of say 20 kathas in Gulshan and Banani can quite easily exchange just their plots for quite decent housing in good suburbs of DC. The point is private sector has wealth. They need to be given the incentives and security to invest in productive assets.

The second point regarding investment is regarding the productivity of investment. No less important than raising investment, is the need for raising the productivity of investment. In fact, economic research is pretty firm on this point: in the long run more growth comes from raising productivity than from the growth of capital stock. I am ignorant of recent work in this area in Bangladesh, thus I am skating on thin ice here.

However, some indicators do point to increasing productivity of capital, our most scarce resource. For instance, by some accounts capacity utilization has increased. And by definition incremental capital output ratio should have gone down: GDP growth rates have not gone down, or have gone up while the investment/GDP share is declining. Translated, this means we are producing more with less investment. Of course, without some serious studies on better measures of productivity and efficiency one should not make too much of this. We clearly need more information in this area.

Finally let me make some appropriately informal comments — not much is known about it to make formal comments — about the informal

sector. For someone like me who has seen their developing countries with the same level of per-capita income as ours (though not in purchasing power terms), or with thrice the per-capita income or even with 12 times the per-capita income, it is difficult to not notice and be impressed by the informal sector of Bangladesh. Even if I adjust this activity by our population, the hustle and bustle that one sees at Dhaka city, in inter-district transportation, the thousands upon thousands of shops, wood and metal workshops, the scale of this activity is striking. As it is likely that much of this activity is unrecorded, it means that our national income and investment especially in the manufacturing and service sector, is grossly underestimated.

There are good economic reasons to believe that a natural result of liberalization will be to create a flourishing and an expansion of this sector. I cannot judge the physical growth of the informal sector over the past several years. Resident Dhakaites are in a better position to do that. But I understand the workshops and light engineering shops have now spread out all the way from Jingira and Dholakhal to Badda and even Mirpur. Thus it is quite possible that a lot of the fruits of liberalization has been garnered by this sector. If that is so, we will be also underestimating the gains of the recent economic policy reforms.

While we are at the topic of the informal sector, let me also point to yet another remarkable, technological, transformation that has taken place in a somewhat related sector, riverine transport. After probably centuries of being powered by human muscle or the wind, our traditional country boats have become mechanized by, of all things, irrigation pumps. From the perspective of distance, this development is only a little short of profound. I do not know what percentage of passengers or cargo is affected by this development, but it cannot be insignificant. At one instance, this development testifies to the entrepreneurial ingenuity of our people. At the other instance, it should also indicate a significant rise in productivity and, correspondingly, to the value of time in the rural economy.

There is much of the negative things in our country, some quite ominous, that I have left out in this piece. That was intended. But on the other hand there are also some other positive developments that I have missed: notable among these are achieving near self-sufficiency in food and the rising prospects for rice exports, the very impressive wealth of human talent that one now sees in the private sector, the very good work that is being done by NGOs like BRAC and the brilliant rural credit model of the Grameen Bank, which while providing credit, self-employment and self-esteem to millions is also hoisting the name of Bangladesh all over the world.

To the Editor...

IPSA

Sir, In order to develop facilities for higher education in agricultural discipline within the country, Institute of Postgraduate Studies in Agriculture (IPSA) was established at Gazipur. Recently an ordinance in this regard was promulgated by the honourable President of the country. Further, a bill was also introduced in the Parliament for IPSA Act. But it is a matter of great regret that IPSA has remained under the administrative control of the Ministry of Agriculture.

As IPSA was established to provide higher education in all

agricultural disciplines including crop science, agricultural economics and other social sciences, fisheries, animal husbandry and forestry, the Institute must not be under the sole control of the Ministry of Agriculture alone. The fisheries and livestock education must have co-ordination with the Fisheries and Livestock Ministry.

The best way would be to put IPSA under the administrative control of the Ministry of Education. It may be noted that few years back the decision of moving Bangladesh Agricultural University from Ministry of Education to Ministry of Agriculture had to

be cancelled with lots of embarrassment.

As a higher institute for academic learning, IPSA must be controlled by the Ministry of Education via University Grants Commission. Further, immediately a senior university professor should be appointed as the Rector of the Institute to smoothly run for better achievement and implementation of its educational goals.

Md A Afzal

IPSA Dormitory, Salna, Gazipur

An act of barbarism

Sir, We strongly condemn the cowardly and barbaric killing of Muslim devotees at

Ibrahim Mosque in Hebron by the Israeli settlers in the occupied West Bank of Gaza Strip on Friday, the 25th February. These innocent Muslims have been mercilessly killed by the Israeli murderers while they were engaged in offering prayers in the mosque.

We strongly feel that the time has come for the United Nations to take some drastic measures against Israel. It is sincerely expected that all the peace-loving people of the world will raise their voice against Israeli atrocities and resist any obstruction against the freedom of Palestine.

M Zahidul Haque
Asstt Prof, BAI, Dhaka