

Gas Price Raise: Why and How?

Late last month, the government raised the price of gas by ten per cent on average. The increase was also made retroactive — from March 1. Although consumers would find themselves none too happy over the prospect of paying more for the fuel, the price rise, in itself, perhaps is not that much of an event. After all, the increase in the cost of public utilities represents a continuous trend. Rather, it is the way the measure was put through which calls for attention and the inconsistencies therein which attract notice.

We live in a democracy. We also have a free and alert press. Actions of the government thus come under close scrutiny and the citizens come to know of things early. So it happened with the latest dose of gas price raise. Certain aspects of this episode merit special mention.

It has been reported widely in the press that the government was approached by the concerned agency in the matter of gas price raise, months ago, but the authorities withheld a decision in view of proximity of the city mayoral elections. In the event, the ruling party lost the election in the two cities where gas price increase might have become an issue and won in the two cities where it was not. Apparently, delaying a decision on gas pricing did not help matters.

Then there is the question of responsibility for the gas price raise. Here also, it has been widely reported in the press that the Asian Development Bank (ADB) has been pressing hard for the price increase. The ADB is said to have held up releasing a big chunk of project loan till the price was raised. It was further reported that the ADB has put a deadline by which gas price must be increased if the loan in question was to be availed of. To the uninitiated, it would come out clearly that it was the ADB which was prompting the price increase. In a way, the responsibility for the price increase is thus passed neatly on to the ADB.

Such happenings do not raise the stock of our goodwill with the donor community. Nor do these improve the show of our commitment to reforms. Even worse, such dealings hurt the credibility of the government actions in the eyes of the public. The image of the government is affected. Citizens come to know of these anyway and start doubting transparency in government's moves.

The government should take any measure for raising the price of a product only if it is convinced itself that this is something that needs to be done. And, it should take the people more into confidence. The government would probably fare far better then.

Dealing a Blow to Child Labour

A remarkable seminar held recently recommended to the government that they ratify the ILO convention on child labour as part of a process to eliminate the evil from our country. It was remarkable because the seminar was held jointly under the auspices of the government and the ILO — which meant that the government was using the seminar to recommend to itself certain urgent measures long overdue. And it was doubly remarkable as a judge was called upon to deliver the main and only paper and the judge chose not to mince words in pointing to the governmental failings in the serious matter of providing legally for the elimination of child labour as also in emphasising the imperative for executive mechanisms for implementing those provisions. We congratulate Judge Zinat Ara for dealing a most necessary blow and compliment the government for organising a willing taking of the same.

Child abuse through under-age employment, and employment in jobs which only stunt its growth into a human being of developed faculties, has for some time been a black spot associated with Bangladesh, thanks to some child right championing lobbies. Our state leaders have taken pains to fight that image internationally. But on the domestic front, next to nothing has been done or even proposed to improve the child labour profile of the nation. Judge Zinat Ara very unambiguously shows the slip: The Constitution enshrines such principles as human rights, women's rights, right to education etc. but it doesn't have anything on children's right and their proper upbringing. There is no single law enforcing the minimum age of the child entering a job. And again there isn't any law whatsoever regulating child labour in such sectors as agriculture, fishery and household aid where most of our four million serving children work.

There is no doubt that the government has wised up to the need of effecting changes in the child labour situation and the seminar was but a token of that. Good intention and knowledge of how best to address the problem are first requirements for doing that, to be sure. But the problem involves the very socio-economic canvas and as such would not readily lend to any cut and solution. As Judge Zinat Ara has observed to abolish child labour or at least bring it down to a tolerable limit, the country needs to alleviate poverty and increase social awareness besides enacting, amending and enforcing laws. All this would take a long time. But a beginning must be made here and now.

Signals for Poorer Nations from G-7 Jobs Conference

THE first ever jobs conference of the world's leading industrial powers — the Group of Seven (G-7) countries — held in Detroit, USA, last month, ended without prescribing any solution for their persistent problem of unemployment. Originally billed as the G-7 jobs summit, the two-day conference on March 14-15 was attended by the finance and labour ministers from Britain, Canada, France, Germany, Italy, Japan and the United States. Unemployment issues raised at the Detroit conference would now be considered at the economic summit of the G-7, to be held in Naples, Italy, this summer.

Unemployment in the European Union (EU) is said to be running at over 10.7 per cent and could peak at 11.5 per cent in mid-1995. Unemployment in the USA is behaving better and fell to 6.4 per cent at the end of 1993, the lowest in 3 years, although it crept up to 6.5 per cent in February, 1994. Unemployment in Japan hit a 6-year high of 2.8 per cent in 1993 and is now said to be nearer 3 per cent. In a country like ours, where unemployment, including under-employment, is generally reckoned to be around 30 per cent, the deep concern shown by the G-7 countries even over a jobless rate of 10 per cent, would seem difficult to fathom. We would perhaps consider ourselves doubly blessed if our rate of unemployment ever came down to 10 per cent. The reality is — G-7 is the club of world's affluent nations. To most of them, even a 3 per cent unemployment rate might spell a crisis.

The G-7 jobs conference did not bring about a convergence of ideas on how to tackle unemployment in the leading industrial countries. Nonetheless, the meeting did bring to focus certain aspects

of the unemployment syndrome which might provide food for thought to the poorer nations as well.

One such pointer that emerged from the debate is the fact that labour market policies like stiff employment protection rules, present wage bargaining systems, minimum-wage laws, working-hour regulations, more often tend to destroy jobs rather than create new ones. At best, these codes protect those already at work at the expense of job-seekers. In short, such measures have a negative impact on employment and curb labour market flexibility. Employers have less incentive to create additional jobs and new entrants into the workforce are denied access to employment.

Social protection laws and generous unemployment benefits also are seen as factors inhibiting employment. Such passive labour market measures, it is argued, foster indolence among the unemployed and they turn less keen in seeking new jobs. Employers feel less obliged to hire displaced workers, who are getting government dole anyway. Besides, aid to the unemployed is finance with the taxpayers' money. It's not easy to raise new taxes. In a situation of rising joblessness, increased public spending on unemployment benefits strains government budgetary resources and could impair its ability to undertake active labour market measures such as public employment programmes, training, placement services and so on.

How to protect the jobs of their less-skilled workers is the problem that is worrying the rich industrial countries most. Yet, there is also a growing realisation that they need to move to the upper end of the market and produce more of high-value-added goods. Understandably, need to im-

prove the education, training and skill of the workforce was high on the agenda of the G-7 ministers at the jobs conference. Are the world's leading industrial nations then aiming at building for them exclusively high-skilled, high-wage economies — leaving low-skilled, low-paid jobs to the poorer countries? The idea ties in nicely with the often ignored concepts of international division of labour — letting the poorer countries exploit their comparative advantages the best they can.

Even if the industrial powers eventually adopt it as a policy prescription, shift to a high-skill, high-wage economy will call for a painful period of transition. Time is another factor. Meanwhile, some of the leading industrial countries in Europe are trying out unorthodox modes of tackling unemployment. Many sceptics, however, view these measures as 'quick fixes' to deal with the problem.

Shortening the workweek and sharing jobs, come high on the list of 'quick fix' measures to combat unemployment. The idea generally is to switch from a five-day to a four-day workweek accompanied by a proportionate reduction in wages, tax cuts and incentives for the concerned companies to compensate them for the added cost. Everyone then shares whatever work is available. 'Work less, and everyone works,' is the motto. Some of the giant industrial firms in Germany are said to have already made the switch. Enthusiasts favouring the idea say that the plants giving the

new system a try have seen productivity gain, even off setting the cost of hiring more people. Face with the spectre of wholesale layoffs, the existing workers also have turned more amenable to accepting limited pay cuts to preserve jobs. And, they are getting more time for leisure.

Another idea floated at the G-7 jobs conference seeks to allow employees to work a fixed number of hours in the year, rather than each week. This will allow employers greater flexibility to deal with seasonal variations and help stretch out job availability. Workers would be able to plan their own free time better and, as an analyst put it in a slightly

different context, gain greater access to personal freedom to enjoy the benefits of automation rather than suffer its ravages.

In parenthesis, it's worth pointing out that sort of a work-sharing deal is working out in Japan as well. To protect jobs, some of the trade unions in Japan are said to be agreeing to a freeze on wages. Afraid of layoffs, some others are accepting lower pay rises during wage bargaining sessions with employers. In essence, the workers are settling for lower benefits in exchange for job security and in the hope that their sacrifice would promote new hiring by the employers.

In France, one person in four of the workforce in the age group under 25, is unemployed. To encourage employers to hire young people, the French government recently passed a law authorising pay-

ment of salaries below the minimum wage to the employees in this age group. The students erupted in a storm of protest against the move. The government then backed off. The youth won, the day, for now at least.

Last year, the European Commission had drawn up an ambitious programme to ward off unemployment in its member countries. The plan called for creation of new jobs through huge public works projects. The programme was to be funded by multibillion dollars public borrowings. Some of the member states balked at the idea of such huge borrowings by governments. They argued that the plan was not in conformity with governments' attempts to cut their deficits and reduce public borrowings to restore sustainable growth. In the end, the Commission's plan could not make much of a headway.

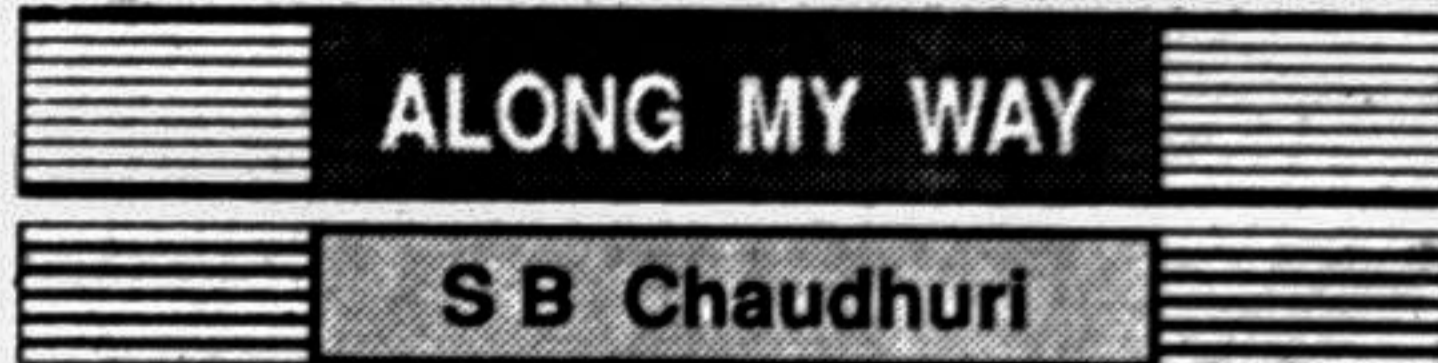
By and large, the message from the Detroit jobs conference carried a similar import. Although the G-7 ministers postponed a decision for the future, they did seem to agree on the importance of a right mix of macroeconomic policies to tackle their deep-seated problem of unemployment. They emphasised the need for structural reforms to make their labour market flexible and more adaptable to change.

All the same, certain disturbing signals also emanated from the G-7 jobs conference. The leading industrial nations do not attribute the phenomenon of joblessness in their countries only to structural imbalances and automation. They continue to blame the reduced demand for less-skilled labour in the West, on trade with developing countries. Import of low-priced goods from the

developing nations, they maintain, is equally responsible for the loss of jobs in their countries.

The sentiments expressed at the G-7 jobs conference that low wages and poor working conditions in the emerging economies give them an unfair trade advantage at the expense of jobs in the industrialized countries, finds and echo in the latest move by the rich nations to write new global standards for labour conditions into the world trading rules. The leading industrial nations are said to be holding urgent consultations to evolve a common position in time for the signing of the Uruguay Round global trade agreement in mid-April in Morocco. The idea is to make the new World Trade Organization (WTO) which would succeed the General Agreement on Tariffs and Trade (GATT) deal with the issues relating to labour standards and related social matters. The WTO would then penalize the trading nations who do not conform to the newly established global norms for working conditions.

The proponents of the initiative call the export of low-cost goods by countries having cheap labour, 'social dumping'. These countries, they say, fail to meet their social responsibilities, are thus able to keep wages down and indulge in 'social dumping' by exporting the low-cost products. The objective is not to take away the comparative advantage of the low-wage countries, advocates of the move hasten to add. The aim is a leveling of workers' rights world-wide, they say. In fact, it rather seems that what the industrial nations might actually end up doing, is to inject into the poorer economies, something of the labour market rigidities they themselves decry at the G-7 jobs conference.



ALONG MY WAY

S B Chaudhuri

transition. Time is another factor. Meanwhile, some of the leading industrial countries in Europe are trying out unorthodox modes of tackling unemployment. Many sceptics, however, view these measures as 'quick fixes' to deal with the problem.

US Changes Policy on Arms Sales to India

THE world's arms bazaar is heating up with new exports. Billions of dollars are pouring into the coffers of American armament manufacturers.

According to a recent survey made by American newspapers, new contracts are being signed with Saudi Arabia, Kuwait, the United Arab Emirates (UAE) and a number of Southeast Asian countries for the supply of high-technology items, aircraft missiles and radar systems.

In a world of industrial recession, the brisk sales are tonic to the United States industry.

Real bargains are expected as the British and the French are equally determined to sell their hardware to eager Arabs. Hotels are full in Jeddah, Riyadh, Dubai, Abu Dhabi with top-flight sales personnel from British, American, French and other European firms trying to make a quick buck in the arms bazaar. One analyst has noted that everything is being sold from jet fighters to binoculars. Some of the arms are available even in local supermarkets.

A new boom market has emerged from the Gulf to East Asia for the international arms pedlars although according to the International Peace Research Institute, world military spending has fallen sharply by 15 per cent in 1992.

The eastern bloc which used to account for about 30 per cent of the world defence's expenditure, is a shadow of its former self with the Commonwealth of Independent States (CIS) halving their defence spending.

Resource-strapped Russia leads the pack, cutting down procurement of new weapons by 80 per cent.

The North Atlantic Treaty Organisation (NATO), as a result of the demise of the Warsaw Pact countries, has effected a nearly 50 per cent reduction in its conventional arms. This led to a further cut in arms demand.

The US government earlier banned the sale of air-borne warning and control system (AWACS) planes to India because of trouble with Pakistan.

But now defence sources say that, in a major turn-about of their sales policy, two US

companies are willing to sell electronic warfare systems to India.

Earlier, the US defence department warned India that if New Delhi developed its own AWACS system, American firms will sell AWACS planes to Pakistan.

Some Western diplomats saw in this move American desire to balance the military might of India with Pakistan. They called it the balance of terror in the Indian subcontinent.

Western defence experts have noted the rapid modernisation of Pakistan's armed forces under New Pakistan Prime Minister Benazir Bhutto. Says one senior expert: "Comparatively, India has almost three to one superiority over Pakistan's military might. But something has gone wrong somewhere. The economic crisis has triggered off cuts in New Delhi's defence budget."

Defence experts have noted that Pakistan has strengthened and acquired a new weapon system. Pakistan's recent military acquisitions from China reportedly include the high-range surface-to-surface missiles.

India's defence ministry thinks the idea behind China's selling of arms to neighbours is to limit India's influence in the region in the long run.

Offering a comparative assessment, India's finance ministry has pointed out that Pakistan is spending seven per cent of its gross domestic product on defence against India's 2.5 per cent.

Pakistan has acquired about 300 tanks from China, and is trying to improve further its position by looking to the United Kingdom, France and other countries. It has even increased its anti-tank capability with anti-tank missiles from China.

Defence analysts here are getting apprehensive over the tense situation in India's borders with Pakistan and Bangladesh.

Now Prime Minister Narasimha Rao declares that defence will have the highest priority. So experts are working on buying better and more sophisticated arms for the Army, Air Force and the Navy. With more than one million men in uniform, New Delhi has

Prakash Chandra writes from New Delhi

the third largest army and the fourth largest air force in the world.

According to Air Commodore Jasjit Singh, director of the Institute for Defence Studies and Analysis: "The Cold War has ended but it has not changed the fundamental assumptions of global security. The peace dividend is yet to come, although the defence budget has started coming down."

In an apparent reversal of policy, the Defence Research and Development Organisation (DRDO), based in Bangalore, decided to revive the airborne surveillance platform (ASP) project because of the growing threat from neighbouring countries. There was also mounting pressure from the Indian Air Force and the Navy. Chiefs of the Air Force and the Navy have gone on record in the recent past stating that AWACS will vastly improve India's air defence and attack capability.

The ASP project will also get 1,000 million rupees (US\$32 million) over the next five to six years for the design and testing of ten prototypes. A sum of 600 million rupees (US\$19 million) has already been spent on the project since 1984. It has led to the development of key sub-systems and hardware components.

While no formal effort has been made to get foreign suppliers, French and Israeli companies, besides the US firms — Texas Instruments and Hughes Aircraft Systems — have evinced interest in providing technology for the Indian ASP.

The ASP will have the capability to track 55 targets over a 200-kilometre radius, compared with 200 targets over 400 km radius for the American AWACS E-2 Hawkeye.

In a related development, the Americans announced a further change in policy in the annual report of the US Department of Defence.

Ironically, it was the defence department which had exercised restricted control over selling sensitive technologies to foreign countries. Now, under mounting pres-

sure from the US arms industry, the defence department has supported the call for liberalisation of American technology exports.

The Pentagon now says that American security would not be impaired by the removal of controls on some widely available technologies. It adds that the US policy must aim at prevention of the proliferation of

mass-destruction weapons. According to reports reaching the Indian government, the US commerce department has been strongly backing the demand for liberalisation of technology exports.

The same argument had been advanced by the powerful Aerospace Industries Association (AIA) of America that brings together the most important American civil and military aerospace companies.

It noted that controls have been costly to the US industry. Restrictions have seldom prevented the target countries from receiving the goods and technologies they sought.

The assessment is that the US administration should instead devote its energies to preventing the diffusion of chokepoint technologies that are critical for the manufacture of mass destruction weapons.

OPINION

National Fertilizer Policy Needed

One of the planned objectives of the Government is to alleviate poverty, and as such various programmes are being followed. With 75% of our population 'mostly rural,' being involved in agriculture either directly or indirectly and contributing nearly 40% of our GDP, the government is focusing on agriculture as a vehicle of poverty alleviation, and quite rightly so. With the efforts of all concerned 'farmers, agricultural extension workers, donors, NGOs', we have now attained a near self-sufficiency level in food production and are even exploring possibilities of exporting rice. Our food-grain production during 1991-92 stood at 19.3 million metric tonnes whereas in 1973-74 it was 11.9 million metric tonnes. Although the increase in production is not comparable to that of Korea or Taiwan where production increased four fold, however, it is a no mean achievement. The 'Green Revolution' model based on a package, which includes use of seeds (HYV) with a high response to big doses of inorganic fertilizers and chemical pesticides and the availability of water for irrigation during the dry season, assisted greatly to reach the self-sufficiency level.

It is now becoming more and more obvious that the 'over use' of land and soil has caused decline in crop yields and studies carried out by FAO established yield declines of 1.3 per cent per year on some fields in Asia using the Green Revolution technique. In addition, the soil fertility level of the cultivatable land in Bangladesh which was over 2.5 per cent during 1982-83 has sharply decreased to 1.5 per cent, a figure considered critical by the experts. Studies carried out by BARC has found that fertility level of about 70 per cent of the total 9.3 million hectares of arable land in the country has gone below the critical point in the past ten years, primarily because of indiscriminate use of fertilizer — mostly nitrogenous fertilizers which give immediate results in increased yields. Since a farmer's main goal is to increase output the use of such fertilizers provided him with the answer. However, agricultural extension workers should have pointed out to the farmers the detrimental impact of disproportionate use of nitrogenous fertilizers which, I believe, they never did and it is fair to say that very few prac-

tical field level demonstrations on the beneficial use of balanced fertilization exists in the country.

Time has now come to make a total reassessment of the situation in the light of declining crop yields, ever increasing costs of agricultural inputs—mainly fertilizers and pesticides — so that in our fight against poverty alleviation the agricultural way is not lost. A national policy on fertilizer production and utilization is the crying need of the hour. In this connection the example of China is worth mentioning, which, in the early eighties, introduced a system which was subsequently called 'prescription fertilization (PF)'. The objective was to increase agricultural productivity in a sustained manner.

In 1983, the Chinese Ministry of Agriculture arranged a conference to discuss the concept of 'balanced fertilization' which resulted in the grouping of various forms and ways of application under the name PF. Through vigorous and sustained campaigning, the new practice and its merits were acknowledged by the farmers nationwide and, as a result, by 1986 more than 20 million hectares were fertilized according to PF principles, which by 1989 reached 33 million hectares and is still rising. The effects in general were as follows — agricultural production has increased between 10-20 per cent, and even more economic return is further enhanced due to the fact that fertilizer use has decreased by 5 to 10 per cent leading to better efficiency; soil fertility status has improved through planned interaction of mineral and organic fertilizers, simultaneously economical systems are better protected; balancing the nutrients in the soil improves various growing processes of plants, improving thus the crop quality.

Due to the vigorous use of the PF system it had an impact on fertilizer manufacturing as well, to the extent that fertilizer factories were set up in the Provinces which specialized to produce 50-80 types of compound fertilizers with such micronutrients combined which are typically deficient in the soils of that province.

Bangladesh's agricultural output is increasing at the rate approximately 3% per annum and if we can achieve half, or even a quarter of that achieved

by China after the introduction of the PF system, then by the year 2000 A.D. we will have an estimated surplus of at least 500,000 to 10,00,000 metric tons of rice for export having an estimated value of US\$1.50 billion to US\$2 billion which will have a significant impact on our economy especially the people connected with agriculture — the 75% of the population.

Our policy planners should, therefore, recognised the introduction of the PF system, in the light of the Chinese experience, and develop ways and means for its early implementation. In this connection, researches carried out by the various organs such as the 'Soil Research Development Institute' (SRDI) and the BARC may be pooled for the development of the PF system. The SRDI has developed 'Thana Land and Soil Resources Utilization Guides' for 89 thanas and field surveys were completed for 260 thanas and the remaining surveys will be completed by 1997. However, in view of the urgency of the situation such surveys should be completed earlier by re-fixing priorities and allocating finance. At the same time, BARC has embarked on a Tk.10 crore project, the end result being the development of a 'GIS system' which will be able to tell the farmers of a particular village which crop would be the best for cultivation on the basis of the data regarding soil fertility or humidity etc.

In my view a national level conference under the auspices of the Ministry of Agriculture should be arranged with the participation of all concerned — farmers, researchers, scientists, agricultural extension workers, environmentalists, suppliers of fertilizers, manufacturers of fertilizers, representatives of various chambers and trade bodies, donor agencies and others so that after due deliberations on the various aspects, forms and ways of application of balanced fertilization, a consensus could be reached which will lead the way for the initiation of the system of Prescription Fertilization (PF) and that will have a marked impact on agricultural output and environment resulting in economic and environmental prosperity for the nation in the years to come.

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Dhanmondi R/A, Dhaka

To the Editor...

Letters to the editor

Sir, Writing a letter for a newspaper is an outcome of refinement that calls for a thorough grasp of the situation and the subject matter, as well as imagination. In fact, if one were to create an impression — which we letter writers desire — in the mind of the readers one would have to possess an artist's eye in addition to an engineer's rational mind.

Most of the letters that are published in the newspapers, therefore, not only contain useful information/facts from where to proceed if you are an executive or administrator, some of them are near-masterpieces of literature. They also enrich a newspaper for here the readers find echoes

of their frustrated minds: unique being written in individual styles, without being reports and universal in appeal. In order to get better coverage of public grievances, in enriching the newspapers and to encourage new hands, more of the letters must be published taking a positive step towards recognising their importance in national reconstruction, development and enforcement of justice.

Coi Mirza Shaif (rtd)
President Letter Writers Forum
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Highway bridges

Sir, I feel the bridges on the highways should be wider

than the road. Many accidents have occurred because of the bridges being narrower.

Vehicles dashed the railings (which happen to be weaker too, and need to be made stronger to withstand velocity) and fell off.

Day by day, number of vehicles on the road is increasing and also the number of accidents. All our national highways need to be expanded further, and more so the bridges. After all, human lives are more valuable than the cost of such constructions. Will the authority take up the programme of ensuring safety as such, in all earnest?

M A Mobin Mozumdar
Survey of Bangladesh, Dhaka