

A Good Initiative by the Energy Sector

We are impressed by the timeliness of the five-day International Forum on Private Investment in Bangladesh's Power Sector, which began on Sunday, that even at these early stages — when comments are customarily held back till an outcome is produced — we feel inspired to make some early observations on it.

The organisers of the event — the USAID and the Energy Ministry of Bangladesh government — have a full measure of our thanks for bringing together so many international experts to take an in-depth look at our energy sector, in association, of course, with their local counterparts. This is expected to prepare the ground for a governmental deregulation in the sector, followed by rapid private investment, both foreign and local, in it.

We extend an enthusiastic welcome to what we regard as the first major attempt at finding ways to set a bedeviled energy sector right after some years of luckless efforts.

What we like about the tenor already set for the discussions is the healthy attitude to face facts. The Energy Secretary Faizur Razzaque clearly laid bare the appalling state of the energy sector. He saw the irredeemable commercial underperformance, or the lack of viability of the sector, in the total liability figure it accounted for on June 30, 1992: Tk 46311 million, of which Tk 41741 million (90 per cent) was contracted because of foreign loan. If such a haemorrhage continues, the economy will be bled white of any chance to grow at all. To our understanding, if outright foreign investments were to supplant the loans, under a broadly private sector management, it would not only obviate foreign lending, and debt-servicing on the part of recipient country, but will also give sizeable returns to the investors. The energy sector will be viable in the process.

Time has come to break the government's monopoly over the power sector with de-regulation effected in generation, transmission and supply of power. It is common knowledge that most of the big delinquent consumers are to be found among the various government organisations, public sector corporations and industries which let their bills pile up as nobody's business. It is thus very easy to identify the organisations or functionaries against whom actions should have been initiated or taken. The public sector should be the first to pay their bills, if not ideally because these are run by the government exchequer but at least because of the basic advantage of not having to pay from one's own pocket.

Let the seminar be the first of a series of open, transparent, and lively public debates on how best to revitalise the ailing energy sector and harness it for a good start in the 21st century. We urge the Energy Ministry to hold several open discussions on the issues involved in a bid to forge a national consensus on the directions to take. What we have in mind is a plan of action which is realistic and implementable, besides being capable of getting behind it the government machinery and the whole lot of private and public sector investors, experts and managers. An energy policy adopted with a political consensus will be the ideal thing to work for, as it would embody the nation's political will and guarantee its implementation.

The European Day

Yesterday, May 9, was Schuman Day. But not quite. From 1950 when French Foreign Minister Schuman explicitly expounded the one-Europe idea every year this day was observed by Europeans as Schuman Day. With the idea very near to full realisation, Community members have chosen to rechristen the day as the European Day, starting yesterday.

A few days back, on May 6, European union got a tremendous shot in the arms. Chunnel — the Eurotunnel — was opened by Queen Elizabeth and President Francois Mitterrand. And the first train to cross from Waterloo station in London to Calais in France — called the Eurostar — swished to its destination with the British monarch on board.

Out of an European Economic Community comprising six member-countries has emerged the European Community of 12 member-states having practically no economic borders and at present knocking at the door is common European citizenship for all in the union. With the states in Europe still remaining outside the union gradually falling for it, there is nothing in sight that can hold up the process of an early and maximum possible fusion — economic, social and political — of most of Europe. With such a record of achievement and the prospect fashioned with a rare kind of finality, it is interesting to note the Community's mad drumming of the magic word Europe.

If the union is evidently for the peoples of Europe, who is it *against*? All right, we take the good answer to that — against possible repetition of the cataclysmic bursts of violence between the nations of the continent as evidenced in the two world wars, the protagonists of both being European. And when all mankind has dreamt of one world of humanity long before Wendell Wilkie made it his mission, there is all the reason to rejoice when Europe sets an example and gets the process into motion.

The thought that Europe is going to become the biggest of all experiments in history of united states, bigger than the present US and the erstwhile USSR, cannot be avoided. With the collapse of Soviet Union there was no political balancing of the politics of world nations. An immediately following bad recession in US and the growing trade trend with Japan helped the only superpower remaining in the field without any contender to keep to a subdued presence. Is a united Europe going to balance geopolitics by any significant measure? China with its billion-plus manpower is fast becoming an economic superpower. What would be the world scenario of politics at the beginning of the Third Millennium? It is politics more than anything else that makes or breaks peace. Europe is making sure it plays in the centre court.

While we welcome the Europeans to their dream, we cannot help pointing out that there are lessons in it for South Asia to bury their hatchets and approach the 21st century with a broader and progressive outlook for common good.

THE Thacharite Europeans raised the debate of questioning the validity of regulated market and the over-extension of the government's role in intervening into the economic life of the citizens; and thus postulated the argument for the Free Market Economy in Europe. This spread like wild-fire all over Europe and the South East Asia. In the United States, however, their forbearers founded the nation on the principles of freedom on which the Free Market Economy began operating ever since the declaration of independence.

Europe was witnessing the explosion of a long-obsolete model of liberal democracy that no longer accommodated the dynamic of the complex societies with their sophisticated electorates of vast diversity and highly differentiated interest, suggested Signor Gianni De Micheli, the chemistry professor, the Italian Foreign Minister in 1992 and a leader of the Socialist Party.

Government started falling apart in most part of the globe ever since the management of the economy began preoccupying the minds of the politicians. The economic success became the measure for their achievements. Soon the politicians lost their way to achieve an impossible task.

The less politicians have to offer to the electorate, the more desperate they are to raise the campaign funds to stay in power; the more spent they are as historical force, the more they need to spend. This has pushed even more admirable members of the political class into the dirty waters of semilegal graft. (IHT April 14)

The politicians thought that their main task would be over by enunciating the arguments for the free market without taking any political risk and that the market will structure itself to meet the growing access and expectation of the people; but this needed evolution of the political system to devise the system of checks and balances and to undertake a course of orientation for the people to explore their potentials and to determine a gradual inclusive participation in achieving the eventual satisfaction of consumption.

The politician's miscalcula-

tion and on October 16 in Birmingham the politicians found out to their dismay that they no longer can control the market and that the natural laws are more relevant to market management than their political agenda. The bitter experience of the summit showed on the faces of every politician when they learnt that convergence can not be imposed on the market to suit their political convenience.

The convergence is the natural force for restructuring and is a new dimension for the Free Market Economy.

Free Market must begin as a political programme for which a dialogue is needed with the government who will become ultimately the victim of the restructuring. The functionaries will have to relinquish the authority and the control of the economic planning and management.

The market on its own will not respond to any change brought about by the administrative reaction nor would it comply with any preemptive measures to contain the impact of the market. Following

the politicians with their advisers returned to the drawing board and offered several options to implement community-wide convergence and to reduce PSBR under a global agreement.

Free Market is a level field where investors, managers,

traders and consumers and the labour will negotiate their terms with each other under the natural forces of supply and demand. The principle was finally introduced to the negotiations of the Uruguay Round for General Agreement on Trade and Tariff (GATT). The need for urgency was underscored in the negotiations for all member-nations under the agreement to begin the process of convergence and to enjoin a common structure for the market.

The natural forces have now been let loose to determine supply, demand, costs, quality and volume in the market.

Like most nations (particularly LDCs) Bangladesh is making noises to become an active participant in the market. Skeptics aside, there is

indeed a *prima facie* evidence to support such a campaign in Bangladesh provided the government managed by the politicians and the bureaucracy will accept to surrender their authority and control to the market.

If the realisation has found

home,

the next step will be to

initiate

dialogue

collectively

with

the

investors,

managers,

trade

unions,

consumer

interest

and

the

lawmakers

to

establish

an

acceptable

level

of

tolerance

in

redefining

every

one's

role

in

redefining

every