

Indian in top
tier of IMF
management

WASHINGTON, June 8: An Indian national, Prabhakar R Narvekar, has been appointed to a top management position in the International Monetary Fund for the first time in the history of the Organisation. He becomes one of three new Deputy Managing Directors, reports PTI.

Traditionally, under an arrangement between the Europeans and the Americans after World War II, the World Bank has been headed by an American and the IMF by a European. However, the IMF Managing Director used to name an American as his deputy.

But after the current deputy managing director Richard D. Erb announced his decision to retire recently, instead of appointing another American in his place, IMF Managing Director Camdessus increased the number of deputies from one to three. They are Alasane D. Quattara of the Ivory Coast, Narvekar of India and Stanley Fischer of the United States.

The three managing directors will have a major input in the formulation of IMF policies and will be involved by the Managing Director in decision-making.

Narvekar was born in 1932 and has been special advisor to the Managing Director of the IMF since 1991. He holds degrees in economics from Bombay University and Columbia University, and also studied at Oxford.

FICCI seeks
exemption of
labour laws

CALCUTTA, June 8: The Federation of Indian Chambers of Commerce and Industry (FICCI) wants the West Bengal government to exempt new industries from all labour laws for at least five years to attract new investments in the state, reports PTI.

A K Rungta, the senior vice-president of the FICCI, who disclosed this here yesterday, also expressed grave concern over the growing imbalances in industrial development in the eastern region.

He said that unless some drastic steps were taken, the state would miss its chance. Rungta said that the per capita power consumption, which was the real barometer for measuring industrial activities as well as the living standard, was the lowest in the four states of the eastern region.

This had resulted in West Bengal attracting only Rs 48 crore foreign investment out of a total approved foreign investment of Rs 6768 crore in the year 1993-94. On the other hand, states like Maharashtra attracted Rs 1514 crore, Delhi Rs 95 crore and even Orissa managed Rs 780 crore foreign investment.

Rungta said that FICCI had drawn up three suggestions to attract industrialists to the state, including guaranteed power supply, exemption from labour laws and easy accessibility to authorities for prompt interaction and quick decisions.

US oil imports
may rise 10 pc
by 2000

WASHINGTON, June 8: By the year 2000, crude oil imports will rise from the present 50 per cent of US consumption to 60 per cent, the Independent Petroleum Association of America said, reports Xinhua.

The association said that by the year 2010, the percentage of imported crude oil in US consumption will climb to as high as 65 per cent.

In another forecast by the Independent Refiners Coalition, the gap between domestic refining capacity and the domestic need for oil is projected to widen.

By the year 2000, the coalition said, the gap between America's oil refining capacity and its oil consumption will increase to 6.4 million barrels a day as compared with the present 1.7 million barrels a day.

The two organizations said that in the 1980s, because of the clean air act and other environmental regulations, US oil refining capacity declined 20 per cent.

During the same period, US oil imports more than doubled, from an average of 140,000 barrels a day to 366,000 barrels a day.

World Bank steps to shore up
Indonesian banking sector

JAKARTA, June 8: The World Bank is advising extreme caution in how Indonesia manages its huge 90-billion-dollar foreign debt, and is prescribing draconian measures to shore up the country's weak banking sector, reports AFP.

According to the bank's annual report on Indonesia, the country's external debt reached 93 billion dollars by the end of 1993, up from 84.4 billion dollars the year before and 75.9 billion in 1991.

Despite a healthy trade surplus of 4.7 billion dollars for the fiscal year 1993-94, which ended March 31, Indonesia had a current-account deficit of 3.1 billion dollars which amounted to 2.1 per cent of GNP. The deficit was 19 per cent larger than the one posted in 1992-93.

The reason: The prolonged slump in oil and gas prices, whose revenues dropped to

9.3 billion dollars in 1993-94 from 10.5 billion the year before.

The World Bank praises Indonesia's government for having kept public-sector borrowing to 1.2 billion dollars.

Unfortunately, said the bank, the depreciation of the US dollar against the yen made for an increase of 2.2 billion dollars in the public debt, nearly half of which is denominated in the Japanese currency.

For every 10 per cent appreciation of the yen, Indonesia's debt expressed in dollar terms increases 160 million dollars.

Foreign exchange reserves stand at 12.7 billion dollars, worth almost five months of imports.

The bank recommends less emphasis on beefing up currency reserves, and more on devising alternatives to the export of oil and gas.

As to the banking sector, it notes government measures taken since June 1993 to improve supervision, and says Indonesia's finance ministry has caught those held responsible for the recent scandal at the state-owned Indonesia Development Bank (Bapindo).

The World Bank appears to have passed judgement on the case, which is still before the courts in Indonesia. Industrialist Eddy Tansil and several others are accused of swindling Bapindo out of 450 million dollars as a result of bad loans centered on an non-reimbursed letter of credit.

Most of the accused in the case have testified that three former government ministers, including former Finance Minister Johannes Sumartono, had recommended they deal with Tansil. None of the former ministers have been charged.

But the World Bank says

"the deterioration of some banks could still generate problems."

Among its "several important principles" in restoring a bank's viability, the World Bank highlights "liquidating collateral, publicizing the names of debtors who refuse to settle, and prosecuting any fraud or other criminal behaviour."

The 191-page report was delivered Monday to embassies of countries belonging to the Consultative Group on Indonesia (CGI), Indonesia's largest group of Western donors, before its annual meeting under the chairmanship of the World Bank in early July.

The Paris meeting is expected to settle on this year's loan levels for Indonesia. The report predicts loans will stay at the same level as last year, about five billion dollars.

Buchanan meets
DSE Chairman

Tod Buchanan of WI Carr (Far East) Limited met with Chairman of Dhaka Stock Exchange (DSE), Khurshid Alam, in the city Tuesday, reports UNB.

During the meeting at the Stock Exchange Bhaban, he discussed with DSE functionaries about various aspects of capital market, particularly the foreign investment in securities market of Bangladesh.

Buchanan showed keen interest in developing the capital market of the exchange, said a DSE press release.

DSE vice-chairman Imtiyaz Husain, honorary general secretary Abdul Hoq Hawladar and councillors Khaja Abdul Qudus, Aminul Islam Khan and Shahid Khan were present.

UNSC may permit
Turkey to fix
oil line to Iraq

UNITED NATIONS, June 8: A Senior Turkish official said Tuesday he hoped the Security Council would adopt a technical resolution within two weeks permitting Turkey to fix a deteriorating oil line to Iraq, reports Reuters.

The 1986-mile (1986-km) pipeline has been rusting since Iraq was hit with UN sanctions as a consequence of invading Kuwait in 1990. The resolution, which might come in two weeks, would allow Turkey to flush the line of corrosive oil which has been stuck in the system for four years.

Ozden Sanberk, the Undersecretary of the Turkish foreign ministry, who has been lobbying Security Council members for quick action on the pipeline, told a news conference that adoption of a resolution would not be long delayed, adding: "We hope that it will be within a couple of weeks."

Reinforce economic
embargo against
Haiti: OAS

BELEM, Brazil, June 8: The Organisation of American States Tuesday urged its members to reinforce an economic embargo against Haiti by suspending commercial flights, freezing assets belonging to the country's military rulers and banning financial transactions, reports Reuters.

A resolution approved at a two-day meeting of OAS foreign ministers signalled increased pressure by the organisation against Haiti's military strongmen who ousted democratically elected president Jean-Bertrand Aristide in 1991.

The US Ambassador to the OAS, Harriet Babbitt, said her government would implement the recommended sanctions and she believed that most if not all other OAS members would as well.

"This resolution sends a sign of increasing pressure against Haiti's military rulers," she told Reuters.

In the resolution, the OAS ministers agreed to support a United Nations initiative to send a mission to Haiti to retrain and reform the country's police and military. They also called on the international community to support efforts to solve the refugees problem in the Caribbean state.

Securities trading scam
Manila to prosecute 10

MANILA, June 8: The Philippines Justice Department said Tuesday it would prosecute five bank employees and five top officials of a bankrupt security trading firm for fraud in connection with a 938 million peso securities trading scandal, reports AFP.

Justice Secretary Franklin Drilon told a news conference he has ordered state prosecutors to conduct a pre-trial investigation of the five bank of commerce employees and five Bancapital Development Corp. (BANCAP) officials.

Under Philippine Judicial procedures, state prosecutors are empowered to subpoena respondents for hearings not lasting more than 60 days to determine whether there is ample ground for the filing of criminal charges against them in court.

Drilon said the five, Marilyn Nite, Nunelon Bradley, Victoria Magalona, Harry San Luis and Virgilio Bruno of BANCAP and Bank of Commerce senior

manager Eugene Yang, along with four employees detained with the bank's domestic operations, were liable for 167 million pesos in undelivered treasury bills.

Ordinary fraud is punishable by a maximum jail term of eight years. But Drilon said he has ordered prosecutors to have them prosecuted under a presidential decree that punishes fraud with life imprisonment if the swindle is "committed by a syndicate consisting of five or more persons formed with the intention of carrying out the unlawful or illegal act."

The Philippine central bank has previously established that BANCAP, which works in the secondary market, had swindled Bank of Commerce and at least one other medium-sized bank of up to 938 million pesos by taking in orders for treasury bills which it failed to deliver.

Experts see potential in
China's telecom market

BEIJING, June 8: China could benefit from having the world's worst phone system, telecommunications experts said Wednesday, reports AP.

In the United States, telecommunications companies have had to expend precious resources upgrading phone systems. But China's system is so small that the government has a clean slate upon which to build, said the experts, from US accounting firm Arthur Andersen and Co.

"It doesn't have the burden of the past," said Meocre Li, Arthur Andersen's China and Hong Kong managing partner.

The huge, untapped potential of China's telecommunications market will be the focus

of a conference Thursday through Saturday organized by China's State Planning Commission, responsible for setting many of China's industrial policies.

China had an average of just 2.15 telephones per 100 people at the end of 1993, and fewer than that in rural areas, where the vast majority of Chinese live.

Thus, the big dream for foreign telecommunications companies is to help China get hooked up.

"We are at the doorstep to the future in China's telecom," said Li.

China is expected to spend six billion dollars on telecommunications equipment.



The members of the Board of Directors of the Dhaka Chamber of Commerce and Industry (DCCI) led by A. Rob Chowdhury, President of the chamber, called on Prime Minister Begum Khaleda Zia at her office on Tuesday. — PID photo

S African minister calls for end
to illegal land takeovers

JOHANNESBURG, June 8: South Africa's new black-led government has come down firmly against land seizures by homeless blacks, but also demanded an end to demolition of illegal shacks by municipal authorities, reports AP.

The compromise late Tuesday followed the weekend takeover of land by about 1,000 people within sight of costly white homes in the Johannesburg suburb of Liefde en Vrede.

Housing Minister Joe Slovo, in a press statement, said land invasions do not help the housing crisis and impede the new authorities "seriously trying to supply housing to the homeless."

After intensive negotiations with the city and provincial governments, the squatters accepted temporary food and shelter Tuesday night at a city-owned electricity shed. However, they said they were not giving up demands for houses of their own.

"Our removal does not mean we are losing. We don't have

shelter and the most important thing is our personal safety," squatter leader Willie Dlamini told The Star newspaper.

The high-profile land occupation posed a delicate test for the new African National Congress-led government.

No one disputes the desperate housing crisis in the country, where millions of blacks live in tiny shanties without running water, toilets or electricity. But officials feared a disorderly stampede, which could lead to property disputes and drive away the whites who own most of the country's needed capital and technical expertise.

The government's response attempted to balance protection of property rights with a more humane attitude toward the masses of homeless. South Africa's former apartheid laws barred blacks from owning land, except in rural black reservations, where few jobs existed.

Slovo, the popular white leader of the South African

Communist Party, has been given the task of building 1 million houses within five years to satisfy the housing crisis. He has said the key is to create conditions to make construction of low-cost housing profitable for private investors.

On Tuesday, Slovo called on provincial housing officials to urgently identify tracts that can be used for temporary or permanent housing.

"I have great sympathy for those landless people who are endeavouring to secure a plot of land on which they can live with their families. These actions are entirely understandable expressions of frustration and homelessness," Slovo said.

However, he said, illegal occupations hamper efforts to create legal settlements and are sometimes orchestrated for "personal and political gains."

"I would therefore like to call upon all those people who orchestrate squatting, or

people who intend to occupy land, to refrain from doing so."

City workers tore down the shacks at Liefde en Vrede on Saturday, exposing the squatters to freezing temperatures on some of the coldest nights of the year.

Whites in the area were harassing squatters when they collected water a mile (1.6 kilometres) away from the settlement and some "hot heads" were threatening to assault the squatters according to an official of a local property owners association.

The families had been camped in dry scrub over an area the size of two football fields, settling up shelters with plastic and sticks stuck in the ground. They slept under piles of soiled blankets and washed children in tubs of dirty water.

Across a highway, white men climbed at Mercedes Benzes to practice golf at a driving range. And down the slope, half-mile away, was a neat new suburban development of brick ranch homes with big yards.

Privatisation process needs government attention

Abu Ahmed
Guest Columnist

Perhaps the most vivid failure in the Bangladesh economy is privatisation — the handing over process of state-owned enterprises through sale or otherwise to the private sector.

The issue dates back to 1982 when the government first started the privatisation process. Then there was a strong resistance to the privatisation, specially from the labour fronts who very often used to be joined by the opposing politicians mostly on the ground of political expediencies.

The whole decade of 1980s was marked by attempts towards resisting privatisation, and yet the government was successful to handover a good number of public enterprises, compared to what it did in the last few years, to the private sector. The irony is that now the process seemed to have lost momentum at a time when the private sector gained strength, and when the loss-making speeded in the public enterprises.

Moreover, this happened when the last two governments, including the present elected one, openly divulged their stands in favour of a market economy. In such econ-

omy, the government does not do business, nor does it run an industry, but this notion is needed to be reminded again and again here in Bangladesh. The present govt lost 3 valuable years in talking of an charting out techniques as to how to go with the issue. Once it had a privatisation committee, and then a board, but now it seems, the process of privatisation has been all but stopped under the board. Meanwhile, the nation is counting its losses for the state-owned enterprises at an increasing rate, as the losses in the identified enterprises have been accelerated.

The government has set up a Privatisation Board. It also invited tenders in some cases. But in most of the cases, the subsequent tenders offered a lower price. Why? Because, in the meantime, more losses were added to those public enterprises. Bangladesh in the last 3-year period could not privatise a fraction of identified public enterprises, but many other countries, including some from the South Asian region privatised hundreds of public enterprises in the same period. For Bangladesh, the

will has become the number one problem, followed by the ways to be found for privatisation. But the latter is not a problem. The techniques it used in the '80s can also be applied now.

The persons who are assigned with the work seems to be suffering from confusion, otherwise, why they have failed so long, and why they have been holding workshops on privatisation now when the process of privatisation itself, if not the whole but mostly, should have been finished much earlier. In Bangladesh, the right persons are not put in the places they actually deserve. In most cases, they are chosen depending on depths of relation with the party in power, and how much good track-record they have in their service career. These people may be suitable in one place, but may not be so in case of the job the govt wants them to perform. Exactly, this is the case with our privatisation board. Wrong persons were chosen for the board, and as a result no progress was made, — there was waste of time only. The stock market is supposed to be given preference over

other methods in privatisation, but surprisingly till now this government could not sell a single public enterprise through it. There were some meetings and paper works of this, but nothing else. Meetings and paper works should not have consumed three years, it exhaust at best six months, the rest should have been devoted to actual implementation. Very often, critics cite the examples of pressures from the donor agencies for privatisation, as if, when the latter say something, it is all bad. But what is bad for this nation would have been the otherwise, that is, if counsel for retaining the public enterprises under it. Whatever the tax money we raise, a bulk of it goes for financing the losses in the state-owned enterprises. In many other countries, the most strongest advocates of a public sector dominated economy softened their attitude in the recent years, the instant case can be India, for example. But in our country, although the public sector advocates can not influence much as compared to the past, we can't hope to have a hundred per cent opposition. What we expect in Bangladesh,

is that the phenomenon will go down over the time. In terms of opposition to privatisation, which now exists mostly among the employees, Bangladesh has much less compared to that in India and in many other countries. But yet those countries are going ahead with privatisation at an accelerated rate. In our cases, we are still hesitant. Economic science was never free from controversy as regards public sector vs. private sector, or so to say, public economy vs. private economy. There was a time, when almost a third of the world economy was under the command economies opposed to the market economy, but that has gone now, and the world for the first time, since the economic science came as an integrated science before the mankind, is having only one type of economy, that is, the market economy. In such an economy, the less is the public economy, the better it is for the economy as a whole. In the coming years, those economies will be fairly good in competition which have less of the public economies. As the public sector by nature is inefficient, there is no logic of having industrial enterprises un-

der it.

Three economists were influenced much more than others by the economic system of the mankind. They are:

Adam Smith, Lord John Mynard Keynes, and Milton Friedman. Excepting the middle one, the rest of the two economists waged crusades for a small government, and a small public sector. Keynes

also advocated for a market economy but only to overcome a temporary down-trend in the system favoured a government intervention. Milton Friedman, a noble laureate in Economics, and the leader of the monetarists, even advocated to sell the state-owned enterprises free of cost to the people, because, after all according to him the people are the owners of everything in the state.

Recently, the government approved, as press reports said, a full-fledged privatisation policy containing, among others, how to privatise the state-owned enterprises. But this action is too late, and we wish, in spite of being late, let the policy be implemented without further waste of time.

US economy slows
pace slightly

WASHINGTON, June 8: The US economy has slowed its pace slightly, keeping inflation under control and making hikes in interest rates less likely in coming weeks, three of the five federal reserve board governors said, reports AFP.

The New York Times reported Monday that the governors said that unemployment had not dropped to a level that would indicate that the economy is overheating, which could accelerate inflation.

The fed has already raised short-term interest rates by 1.25 percentage points in four stages in the last four months, boosting the interest rate that Americans pay for mortgages, credit cards and small business loans.

The three governors said the fall in the unemployment rate from 6.4 per cent in April to six per cent in May was offset by a fall in factory orders and consumer spending, particularly the purchase of new cars.

If these economic indicators don't heat up then it would be unlikely that the federal reserve would again tighten credit, at least in the near term, though the governors said all bets are off for the second quarter.