

OECD's Quest for New Image

The June annual meeting of the Paris-based Organization for Economic Cooperation and Development (OECD), the forum of the world's richest industrial nations, should claim the attention of the poorer countries on two counts at least. First, the deliberations of the meeting signal OECD's search for a new image. Secondly, the policies on tackling the problem of unemployment in OECD member countries, endorsed by the annual meeting, hold implications for the third world as well.

During the 33 years of its existence, OECD had come to be regarded as Capitalism's club. Now, OECD seems ready to shed this image. This year, OECD admitted Mexico as its 25th member, the first new entrant since 1973. Till then, its membership comprised industrial democracies of Europe, the United States and Canada in North America and Japan, Australia, New Zealand. The annual meeting is thought to have cleared the way for South Korea to become a member of the OECD by the end of 1996.

Embracing developing countries from Latin America and Asia is not all that OECD is doing to change its image. OECD now prefers to see itself as an organization of like-minded countries and not as the exclusive preserve of the North. At its annual meeting, it was given out that OECD should reach out to the rapidly industrializing countries of the third world. It was agreed that the organization should serve as a sort of bridge between the developed countries and emerging economies in Asia and Latin America.

OECD has scheduled a high-level meeting in Tokyo next October between officials of its member nations and the rapidly developing non-member countries in East Asia and Latin America. The Tokyo meet will provide the OECD countries with an opportunity to forge new links with the emerging economies. OECD's quest for an image which would suit the changing world economic scenario, might help narrow the North-South divide. It could also bring in new economic polarisation, causing rift in the third world.

The OECD annual meeting endorsed a policy package on tackling unemployment. Earlier, the issue had been debated at length last March at the Group of Seven (G-7) industrialized nations' jobs conference, held in Detroit, USA. Finance and labour ministers from Britain, Canada, France, Germany, Italy, Japan and the United States had postponed decisions on the unemployment issue when they met for the G-7 jobs conference. They had referred the matter to the July G-7 summit. The OECD report on unemployment will now go before the G-7 summit in Naples for consideration.

Talks of exports from low-wage countries displacing workers of industrialized nations, heard at the G-7 jobs conference and elsewhere, couple with moves to tie up trade privileges with wages structure, have alarmed the developing countries. It is slightly reassuring to find that the OECD policy package on unemployment speaks more of the need to make labour markets flexible. The report suggests that wages should be made more flexible, minimum wage protection diluted, hiring and firing of workers made easier. Ironically, these also are some of the areas where the Western human rights activists would love to see the developing countries do just the reverse of what OECD is advocating for the industrialized nations.

Be that as it may, the OECD package also calls for improved education and training suited for high-skill jobs. If this leads to a shift towards production of skill-intensive goods by the rich nations, leaving low-value jobs to the poorer countries, that would probably serve both the worlds better in the end.

Paper Mills Go for Green Jute

It was pleasing to the eye and it filled the heart with renewed hope and reassured the mind. Even so it was only a prosaic advertisement published on some national dailies by the government. It was the subject of the advertisement that sounded music to the mental ear. To quit tantalizing the readers, we quote the headline of the ad taken out by the Chemical Industries Corporation 'Notice: Purchase of Green Jute (whole jute plant). What follows gives the names of three mills that would make both purchase of green jute sticks in some 14 centres in nine districts.

It does signify, with all that the word connotes, a potential economic revolution brought into being by a rather simple technological innovation. Months back, green jute plants, said the minister concerned, could now be used to make paper producing pulps, a development in which potential buyers evinced keen interest as well. We thought we knew the significance of it to the economy of Bangladesh and specially to the famished jute growers and we very naturally lionised the minister because something was directly needed by way of a breakthrough in terms of a diversified use of jute. And now with this advertisement calling on the jute growers or the middlemen to come and sell green jute to the paper mills, all the dreams come rushing back to us.

Time and again nature has been proving most gracious in her bounty for Bangladesh. Bangladesh's liberation war, as if, celebrated by nature by gifting the new nation one of her finest and purest gas deposits. Soon after even oil was struck. From aeons ago Bangladesh had soil that yielded the richest crops, waters that reared the biggest harvest of sweetwater fishes and a sea that gave gems of marine wealth. But by some strange vanishing magic — these bounties have always come to nought.

The misgivings get a great boost when we take up the price offered for green jute, Tk 20 a maund at the purchasing centres. How was this figure worked out? How much does a maund of pulp wood cost the mills? How many maunds of jute plants yield, after due processing, a maund of jute fibre? And what may be the price of the dried sticks of a maund of jute plant? How much jute plants an acre of land produces by weight? Would this price entice the peasant to carry his produce to the centre? Or will he sell his lot at half this price to the middleman? All these questions have one thing to make sure: will the new revolutionary breakthrough bind the peasant anew to another noose of economic deprivation? We are not too sure and we would want to be reassured on this very important point. Unless the grower gets an incentive price for his produce the whole edifice of economic miracle would prove to have been made on air.

Probing Ways to Ward off Pre-budget Price Hikes

It is taken as axiomatic that some prices would rise immediately before the budget. The problem is that prices also tend to be sticky. Having risen along the pre-budget price spiral, they are not eager to come down. It does not matter even if the budget provides some relief by way of lower duties.

LIKE clockwork, the budget comes round every year. It's an annual event. Yet, it never ceases to hold us in suspense. Deep secrecy surrounds the budget until it is unveiled. This secrecy engulms in the public mind a sense of mystery about the entire process of making a national budget. The aura of uncertainty rouses apprehensions, evokes frustrations, generates expectations and breeds speculation — all at the same time.

Shorn of the secrecy, the budget will perhaps appear just as the mundane affair it really is. It could then simply read as an account of government receipts and expenditure, borrowings and investments. Perhaps the presentation of the accounts would be prefaced with a dissertation on the state of the economy, interspersed with assertions about how much has been achieved over the year, what more needs to be done and how to do it. However, the thrill of presenting the budget would be gone. The spell would be broken.

Could that be a reason why the budget-makers insist on secrecy? This time, some of the national dailies came out with graphic accounts of the way secrecy would be ensured during the final stage of the budget exercise. First, the budget documents would be zealously guarded under strictest security till the time comes for presentation. The Finance Ministry would hand over the budget documents four hours before presentation. However, the second part of the budget speech, containing revenue proposals, would be handed over just five minutes before the end of the presentation of the first part. These reports also quantified exactly how many sets of budget documents and copies of the Fi-

nance Minister's speech would be made available to the Parliament Secretariat on the day of presentation for the use of the Members of the Parliament, special guests, diplomats and the media.

As these accounts show, special care is taken to maintain the secrecy of the revenue proposals contained in the second part of the Finance Minister's budget speech. It would thus seem that it is the secrecy of the taxation proposals which matters most. The perception in general is that a premature disclosure of such information would derail the entire budget-making process.

Traditionally, anything to do with import trade had come to hold a lure for business circles. Import trade had long been regarded as one of the most profitable lines of business. Foreign exchange is needed to finance imports from abroad. Scarcity of foreign exchange had prompted the authorities to bring import trade under various forms of restrictions. Imported goods had thus assumed a superior status in the eyes of traders and consumers alike. This predilection for imports had infected the budget-makers also. Reticence about changes in the import duty structure became a credo with the framers of budget's taxation proposals.

Circumstances have changed now. Trade liberalisation has lifted most of the restrictions on import trade. Gone are the days of import licensing and rigid individual quotas for each importer. Foreign exchange is freely available for financing imports. However, changes in customs duty rates still remain perhaps the most closely

guarded secret of budget proposals. Tradition is in full command in this area.

To be sure, there are weighty reasons behind taciturnity over budget proposals. Markets react promptly to changes in duties and taxes. Complete information on these alterations must reach all concerned simultaneously. Otherwise, there would be serious distortions in market behaviour. There would be windfall for some, loss for others. The society needs to be pro-

pre-budget uncertainty which spurs the move. It is taken as axiomatic that some prices would rise immediately before the budget. The problem is that prices also tend to be sticky. Having risen along the pre-budget price spiral, they are not eager to come down. It does not matter even if the budget provides some relief by way of lower duties. Prices are quick to rise but slow in climbing down. The consumer just remains a hapless watcher.

Some countries have acted

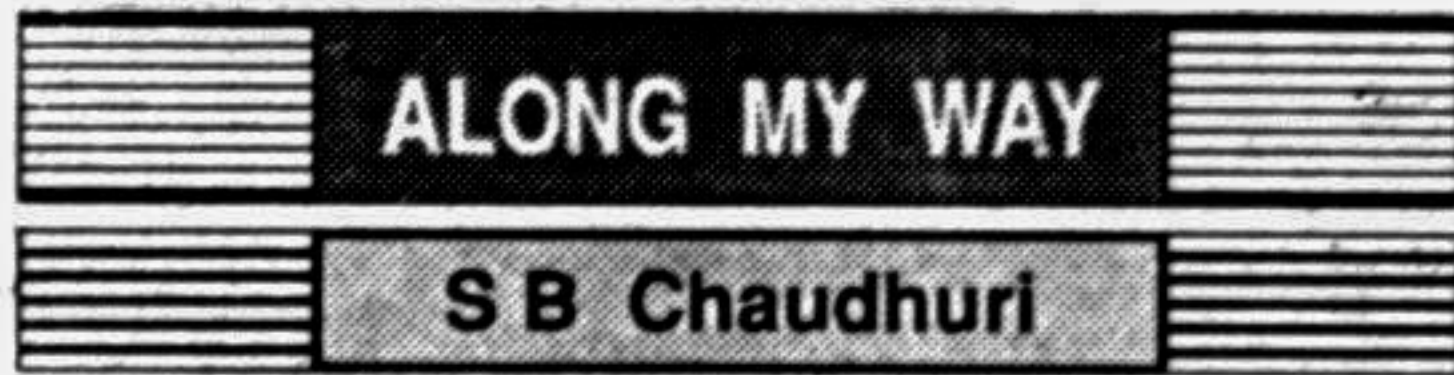
There are yet other countries who notify changes in customs duty structure months, even a year, ahead of the date the new rates become effective. Changes in rates thus turn prospective in effect. This practice virtually eliminates speculations about rates of import duties. People know in advance how much they would have to pay in import duties after a certain date and can arrange their business accordingly. In our case, changes in customs duty rates take effect on the day these are announced. The abruptness of the change not only irritates businessmen but also upsets their calculations. An importer would have had placed orders for certain goods with his suppliers abroad on the basis of a costing linked to the prevalent rates of duties. However, the duty rates change overnight, undoing his costing.

Overall, the abruptness with which changes in customs duty rates become effective, has an unsettling effect on the market. For instance, if the duties come down, the suddenness with which cost of import diminishes, provides importers with an opportunity to earn windfalls. On the other hand, if the duties go up, importers would do their best to pass the higher incidence on cost, on to the consumers. In any case, it is the consumer who benefits the least from these abrupt changes. The advantage that lowering of duties bring by way of reduced import costs, does not usually accrue to the consumer as the price seldom comes down. However, he has to pay a higher price alright when the cost of import goes up because of an abrupt in-

crease in customs duties. Making changes in duty rates effective prospectively is generally seen as a mechanism for making the process least disruptive. It takes away the incentive for speculation. Trading becomes more orderly and the consumer benefits in the end. It could, of course, be argued that on the contrary, prior knowledge of changes in the duty structure that such a regime would bring in, would place the importers in a better position to rig the market, engineer supply constraints and manipulate the price. However, a liberal trade regime and free imports reduce such possibilities to a great extent. Imports would flow in whenever signs of supply constraints appear. Besides, advance knowledge of duty structure would enable the domestic manufacturers also to plan their production better.

To be sure, the government might initially face problems in matching actual receipts with projections made a year before. Nonetheless, such difficulties are not insurmountable. These are more likely to be in the nature of teething problems anyway. Even now, projections of revenues do not always match actual receipts. Temporary adjustments may have to be made. It will square up in the end.

Decoupling of duty structure from the budget's revenue proposals would probably help make the annual exercise cleaner, less cluttered. It would also ward off speculation. The consumers might be spared the ordeal of pre-budget price hike. Lesser need for secretiveness could, of course, take away some of the magic of the budget. All the same the budget-makers may also savour the release from some of the tensions.



lected against such instability. Nonetheless, the pall of secrecy does not protect the society always. Total uncommunicativeness also encourages speculations. May be, the budget-makers are not to be blamed for the irresponsible behaviour of some people. Society as a whole suffers all the same. Uninformed people tend to indulge in conjectures. Sometimes they fall prey to disinformation and, in their turn, mislead others. It all would end up in speculations.

Pre-budget price hike has become an annual feature. It happened this time too. It almost looks as if every year, certain items, which are also imported, would be chosen to lead the march up. Soon, some other items would catch the fever. It could be that these pre-budget price movements also reflect market expectations in rather an oblique manner. But it's mainly the

to deny the market the opportunity to use the budget as the occasion to jack prices up.

What they do is to announce changes in customs duties ahead of the budget, usually on an unspecified date. This allows speculations much less time to build up. Governments can act in this manner because customs duties may be changed through regulatory orders as long as the statutory rates are not exceeded. However, such measures could also be viewed as undermining the supremacy of the legislature.

In any case, for some of the taxation proposals, the government has to go to the legislature anyway. For instance, rates of income tax have been tacked to the statute. The law has to be amended if the rates are to change. Some countries thus prefer to take the whole package of taxation proposals to the legislature at one go.

The Daily Star Public Debate: What do Our Readers Think?

Caretaker Government is Not the Answer

by Kazi Nuruddin

I extend my congratulations and thanks to The Daily Star for organising a debate on such an important subject. I am sure, the suggestions and opinions aired so far will definitely influence our political parties in getting a sense of direction, if they need any, to solve the problem democratically. To be very frank, as a regular subscriber of your paper, I became rather frustrated reading through more or less the same arguments traded by the ruling party and the opposition with some insignificant changes here and there. My questions are simple: why is the "Caretaker Government" issue so important to the opposition? Is it because the government in power has lost credibility? But to whom has it lost the credibility? To the parties which had lost in the last general election or to the nation as a whole?

So long as black money is there, and a seat in the par-

liament is a means to accumulate fortune we do not have the remotest possibility of a free and fair election and we will never be able to institutionalise democracy in this country.

The other impediments to free and fair polls are: Free movement of professional Mastans or thugs; Easy access to fire arms; and Scaring away of the voters from the polling booths. Can a caretaker government solve these problems including of course, that of black money? Election becomes unfair not by rigging alone. Most effective method is to scare the voters away from exercising his or her right of franchise. This evil objective can be achieved as we have seen in the past by indiscriminate gun-shots, exploding of bombs and crackers, harassment by rival groups of political activists and, finally few cases of arson in a constituency. These acts alone are enough to dampen the spirit of the people and keep the voters

indoors. As it is, we hear about perpetrators of murders, mugging, arson, etc. are moving about freely.

That only a handful of Mastans with guns and explosives are good enough to close down the universities, colleges and industrial units is a known fact. When we could not stop these isolated incidents how can we expect that such a big undertaking like election can be free and fair when the whole nation is suffering from such a cancerous growth of black money spawning scores of crimes? It is very painful to accept that these evil practices have become part of our politics and, as such, free and fair election is a utopian concept whether under a caretaker government or under a party government. This is possibly the reason why no political leader from either the ruling party or the opposition sounded very convincing on the subject. We talk about the

caretaker government of Pakistan as an example. But let us not forget that the initiative in Pakistan was taken by the army who forced the then President Gholam Ishaq Khan and Prime Minister Nawaz Sharif to resign simultaneously making room for a caretaker government. The election was also closely monitored by the huge defence machinery of Pakistan.

From the above statement one should not assume that we never in the past had any election within acceptable limits of fairness. This happened on every occasion the nation as a whole had risen to the occasion and acted with prudence. In 1954, Muslim League was routed following Bhasha Andolon. In 1970, people voted overwhelmingly for Awami League to free the nation from the colonial grip. A political party was used by the nation as a platform in the process. Long 9 years of auto-

cratic rule saw the destruction of all democratic institutions and the farcical elections of 1986 and 1988. The whole nation got energised subsequently and pulled down the illegitimate government. A caretaker government was formed in 1990 under Chief Justice Shahabuddin Ahmed. All this came about as a result of the outburst of suppressed passion of a nation. Only under such conditions the evil forces go underground and the nation as whole exercises its right of franchise freely. Can anybody say in a right frame of mind that the by-election in the Magura-2 constituency has taken the nation to a point of no-return and that a caretaker government is an absolute need of our people.

Aside from the questions I have raised above, may I ask: (A) What is the guarantee that all the parties will be able to select an acceptable person as head of caretaker government;

(B) What is the guarantee that all the advisors in the government will be non partisan; (C) Finally, what is the guarantee that the leaders will accept the results of election as free and fair. A lot of other questions remain unanswered.

In my personal view all concerned should sit together, and within the existing provisions of the Constitution make legislation in a way that the ruling party government acts like a caretaker government during the polls. Simultaneously, the Election Commission should be provided with all the powers so as to make the institution independent and effective in all respects, as if it is a parallel government with the limited writ to conduct elections of the country every five years. Development of democracy is a continuous process and we should give the nation a chance. The poor nation has paid too much. Let's not ask any more from it.

An Unfair Demand

by Iqbal Ansari Khan

THE political scenario of Bangladesh has almost reached a boiling point centering the caretaker government issue. It is not clear, however, if the issue is for the national benefit or public interest.

The crux of the whole matter is, it seems, that politicians, amongst themselves, have no respect for each other and some even lack confidence in themselves. The caretaker government controversy stems from the notion that if the BNP government conducts next parliament and other elections while in power, the elections will not be fair, as, the proponents in favour of caretaker government maintain, the present party in power would rig the elections, which would deny the Awami League and

others possible access to power. Awamis cite the recently held parliamentary by-election at Magura as a supporting voucher; it was rigged, they ginger. The Awami League, of course, is ever agile to point out such similar fac-similes.

The last parliamentary election was held under a caretaker government which was universally accepted as fair and free. Not according to the AL though. Sheikh Hasina, the leader of the party, had a different version. According to her, even the elections under Chief Justice Shahabuddin was rigged, but with a difference: it was shukka karchapt; meaning, rigged, subtly, delicately and stealthily.

Now the question that confronts the conscientious mind:

If the 1991 elections were rigged (in whatever manner), then why all the jump-start? If elections held under the Chief Justice of Bangladesh cannot be termed as fair, then which is the body Awami League is suggesting to head the proposed caretaker government under which it expects elections to be fair? As yet, of course, there has not been any suggestions or choice. However, in the absence of definite suggestions, people may make their own presumptions: should it be from abroad?

People send their representatives to Parliament to moot out national issues — staging walk-out is a recognised democratic norm. The question is walk-out synonymous with absence from Parliament for two consecutive sessions

stretching for a considerable period of time? Political science pundits would perhaps pipe it differently. They would perhaps say if walk-out is a democratic procedure, walk-in is an equally recognised democratic principle. Whatever be the issue, people expect their representatives to thrash them out, inside the Parliament.

Instead of Parliament Sheikh Hasina has suggested Television to be the medium of debate with Khaleda Zia over the caretaker government issue. Khaleda Zia accepted the offer to debate — but with a suggestion: she is ready to debate inside the Parliament where TV facilities would be provided. It should be stated that Hasina, while throwing the gauntlet to debate the caretaker government issue on

TV, did not say that such debate should take place in Rampura TV station studios. In the absence of any mention of definite site of debate, Prime Minister Khaleda Zia's suggestion of Parliament as the venue for debate seems democratic as well. Hasina seems to be firm; it should be anywhere but Parliament.

Political pundits might draw a sense of pity from the impasse. They might say that by boycotting the Parliament and suggesting TV as the substitute venue, Awami League seems to have committed contempt of Parliament; such suggestion has lowered the prestige and sanctity of the Parliament. By such disregard of the Parliament, Awami leadership has shown disrespect to those people who through

voting sent them to the Parliament to deliver goods to them through such an institution.

If the suggestion is adhered to, it is tantamount to saying that Bangladesh does require neither any Parliament nor any election. Awami League possibly thinks that a poor country like Bangladesh cannot afford to spend the kind of money that goes in the name of Parliamentary elections and sessions. It is good enough if the two ladies of BNP and Awami League make debate amongst themselves, and, thus, save a whole lot of exercises in elections, Parliamentary proceedings and the like. Money saved, time saved, energy saved — what more the people should expect from their leaders?

To the Editor...

The Daily Star World Cup Special

Sir, The ecstatic joy of my son, who is a student of class V, on Saturday to have received a copy of the magnificent four-colour The Daily Star special on the World Cup Football, '94 — that cast a hypnotic spell on its frenzied fans round the globe — is arduous to express in words.

Unlike other comrades, he is a little bit unmanageable to be satiated with things of his choice so easily since boyhood. As such, I was really puzzled to look for a World Cup guide for him.

As the emergence of the special 24-page colour edition of your esteemed special was late by one day, I was compelled to purchase a good number of English and Bengali dailies with extensive coverage of this greatest sporting event — but all my attempts ended in

vain for nothing could match the taste of my son.

Hearing from his friends that The Daily Star would bring out a special supplement highlighting the significance of the World Cup soccer, he contacted a hawk beforehand for a copy of the special issue.

To my utter surprise, the hawk came early in morning on Saturday and delivered a 24-page full colour stitched tabloid to him.

With a beaming smile in lips, I found my son overflowing with the excitement of joy. Out of curiosity, I took the tabloid from him and had a cursory glance at it. I was very happy to see that The Daily Star special on World Cup was replete with facts, features, anecdotes, articles and wonderful photographs of my favourite booters across the world. I could not even dream of getting it only at Taka ten.

This four-colour special

tabloid has enabled us to learn a lot about the World Cup football. It is a pity that the game has coincided with examinations in most of the schools in the city. So, this month-long pageant to thrill teeming millions can't be worthy of it for those youngsters?

Afroza Karim North Road, Dhaka

Motherhood in question

Sir, During the time of King Solomon it was easy to decide the motherhood of any disputed child by only raising the sword. But in present days, the question of parenthood; in parts of the world, has become complicated with the surrogates having no biological link to the children they bear. So now a three-parent, two-mother situation is up for trial and whether the birth mother

or the genetic mother would win the custody of the child, only court can decide or could there be any interdiction in this case too!

Col Mirza Shaif 82F, Rd-5, Banani, Dhaka

A pen and sword game!

Sir, The nation has been observing with caution the war that has broken out with much trumpeting between the pen and the sword. May be it is going to be an acid test for the proverbial saying that the pen is mightier than the sword!

In the recent past, journalists including some editors were arrested. Some have been rejected bails in the court. Time has come for a litmus test for our society to find out whether it is matured enough to endure the modern concept and essence of life i.e. the

freedom of expression. Blasphemy is one thing that has stirred the world many a time. Particularly, the Muslims, the Hindus and the Christians have time and again come across such situations either in the form of hearsay or writing. Lots of blood, often of innocent people has been spilled over the issue quite unnecessarily.

Some days back, an English weekly published one write up faxed from a foreign land by a Bangladeshi concerning Taslima Nasrin, a writer. Thank Almighty, I do not remember his name and I should not because what he wrote about the writer makes him guilty of the same alleged fouls. I am not a fan nor a reader of the said writer but a person, I believe, should not lose sense of decency that is what I am trying to point out. I think that it is applicable to all.

Now we see another trend: warrant against a journalist/writer to put him or her behind the bar. It seems that some are purposefully arrested and sent to jails while others are allowed to be at large. Whether it is a blasphemy or an infringement on somebody's privacy or a falsehood in words or black and white, we would expect that if we believe in the Omnipresent and Omnipotent and that truth at last and always wins, we should logically argue and, counter argue to prove our points without decrying the sense of decency and gallantry and resorting to harsh measures while the milder and healthier ways of solutions are in hand.

May the Almighty guide and help us in our efforts to build a better world.

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