

Defining BOL's Role

Five years on after it was set up, the Board of Investment (BOI) is still searching for an identity. Should BOI be solely a promotional and service oriented organisation or would it have regulatory functions as well? This is an issue which apparently continues to evoke doubts and misgivings among the policy makers. In the face of such ambivalence, one wonders how had BOI been functioning all these years.

A few months back, it was given out that the authorities had drawn up plans to turn BOI into one-stop service centre for investors. These contemplations were said to have been based on the findings of the Foreign Investment Advisory Services (FIAS) which is an organisation run jointly by the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) — both World Bank affiliates. FIAS had gone into details of investment environment in the country. Amendments to the BOI Act 1989 were also reported to have been drafted to lend a new look to the organisation. To be able to function effectively as one-stop service, sorting out all the problems of potential investors, the BOI presumably would have been assigned some regulatory jobs as well.

Now comes another account of a programme for restructuring BOI. This time, it is a UNDP technical advisory committee which has prepared a plan to give BOI a somewhat new identity. A report carried by us the other day suggests that under the proposed dispensation, BOI would emerge primarily as an agency for rendering services to entrepreneurs for promoting investment. However, neither would BOI function exactly as one-stop service centre for investors. Such a role for BOI might require it to have certain regulatory authority also. This is not desirable, it is said, since regulatory functions could undermine BOI's promotional activities.

To be more specific, it is understood that BOI itself had sought for some industrial zones to be handed over to it with all infrastructural facilities so that it could provide quick service to the investors. However, the idea did not find favour as it would entail assumption of regulatory powers by the BOI, overshadowing its promotional role.

Indeed, in these days of deregulation, vesting a promotional agency with regulatory powers would seem inconsistent. At the same time, deregulation does not imply absence of regulations. What is important in the present instance is to make BOI an effective agency for promoting investment. Semantics on the concept of one-stop service aside, BOI has to be enabled to provide a full range of services to the investors — not just the words but in deed as well. BOI has to be made capable of delivering real service to the investors both from home and abroad. It should not matter that much if BOI needs to be vested with some regulatory authority in the process of making it more effective. Else, the authorities who wield powers must be made to cooperate fully with BOI. Otherwise, it is the investor who suffers most.

BOI, on its part, has to work hard to establish its identity as the country's premier organisation for investment promotion. By and large, it is still viewed as a bureaucratic institution. It may need to have some regulatory authority but such powers must be applied solely for the purpose of rendering better service to the investors.

Unsavory Truths, Home and Abroad

We can very justifiably take pride in the American architect-structural engineer F R Khan's achievements as the builder of the highest building on earth as well as the Indian teenage beauty Shushmita Sen's clinching the 150-nation Manila tussle as being the handsome young women in the world, — and indeed we do so, for the very fact of their being Bengali. The former hails from Faridpur and the latter from Barisal families. This human trait of voyaging beyond kinship to bring ever new vistas of humanity as well as other forms of life and even physical nature into one's own family is what has endowed us the featherless bipeds of the world with greatness. A move towards the reverse of that not only causes inter-society strife and suicidal vandalism wrought on environment, it eats into the vitals of the society from within.

The sense of gratification and elation over international-level achievements by Bengalees abroad is not only a social phenomenon. Many things go to make a nation. This is perhaps one of the primary and most important of those. If this feeling is truly in us — the literati and the cognoscenti of the only state of the Bengalee people — how do we go about our daily business of a complacent would-be bourgeois life when the news of 40 thousand Bengali girl children being abused as regular prostitutes in Pakistan hits us? How do we hide ourselves in the proverbial manner of the ostrich when in fact there is no hiding from this fact as all world knows it. Only a firm resolve to right this and an enterprise not knowing respite before it has been achieved can restore in us a national as well as individual sense of dignity. Feeling at one with those dregs of suffering and degradation could make us die a thousand deaths every day of our existence — if only we had our hearts in their right places.

Why do we make out a special case for those children selling their bodies in Pakistan when it is quite possible that much more than this magnitude of children may have been compelled to go into this dehumanising and physically degenerating calling at home in Bangladesh? This is deception bordering on the immoral. A child, my child, must, first and last, be a child and nothing but a child. Growing and growing and realising as immense a world of possibilities as the heavens itself. Letting that child be violated bodily and mentally, traumatising her whole person and her future is the work of the imperfections of our society and economy and, most of all, our governance.

How we wish our society, and more so our government, to wake up to these unpleasant realities and embark upon action that can restore our dignity in the matter.

Complacency over Rice Self-sufficiency: Myth or Reality?

by Abdul Bayes

PRODUCTION of rice constitutes an important source of calorie intake and employment generation in Asian countries. Over 90% of the world's production and consumption of rice take place in Asia. From the Philippines in the east to eastern India in the west and from southern China in the north to Indonesia in the south, rice occupies two-thirds of arable land, provides major source of livelihood for teeming millions of small and marginal farmers and contributes to 50-80% of calorie intake of the people. Of the total rice production in the world, however, China, Indonesia, Bangladesh and India together account for 69% of production and consumption followed by 14% from Japan, Myanmar, Vietnam and Thailand. By the sheer volume of world trade, the world rice market could be dubbed as thin since only 5% of total production tends to enter the world market for trade compared to 30% for wheat and 15% for coarse grains. The thinness is further exacerbated by the fact that 45% of the Asian production is prone to rain-fed condition and thus is susceptible to the vagaries of nature.

Source of Complacency

In countries where rice is a staple food, its production doubled over the last 30 years or so compared to a 70% rise in population. Today, the average per capita consumption of rice is 25% higher as compared to the mid-sixties when the MHYVs began to step in. With the advent and widespread application of green revolution, many of the rice importing countries gradually ceased to be net importers because of self-sufficiency in rice production. Some of those fortunate countries are, for example, Bangladesh, India and Indonesia. A further fillip to the complacency is given by the fall in the real prices of rice which are now about 40% of the level of prices in the mid-sixties. It may be mentioned here that in some of these countries, including Bangladesh, the government is thinking of wrapping up its major investment in rice production and divert the resources to non-rice activities. To that end, a gradual deceleration in public investment in agriculture is also in evidence in these countries.

Misconceived Notion?

Dr Mahabub Hossain (former DG, BIDS) of the IRRI appears to warn us about the pitfalls surrounding the misconceived notion of self-sufficiency. He seems to argue that such a complacency is likely to be sort-lived and only short sighted policies could act upon that notion. The continued fall in rice prices, according to him, is the result of increased competition for a stagnant import market. Of the major rice consumers in Asia, few go for import of rice and it is only during natural calamities that Asian countries import rice. Asia's share in world import of rice was 62% in 1970 and within almost a decade, the share fell to 37% in 1980 and further to 23% during 1989-91. However, such a trend tends to be a poor indicator of the overall supply-demand balance in individual rice producing countries. If consecutive natural disasters force China or India to import a small fraction

of their demand or if Japan, and South Korea are forced to open up their domestic market, rice prices in international market will increase substantially. Bear in mind that the international price did witness certain spurt with the recent import of rice by Japan. On the other hand, notwithstanding supply-demand balance in other countries, prices would fall with Myanmar, Thailand and Cambodia deciding to push for exports.

Second, parameters relating to rice demand should clearly be focused to take care of individual country situation. At very low levels of income, rice is considered as luxury commodity and is replaced by coarse grains and sweet potatoes. With rise in income from that low level, rice assumes a necessity status and is substituted for the earlier sources of calorie. At a high level of income, rice is assumed to be an "inferior" stuff to be replaced by high quality, high-cost food e.g. vegetables, bread, meat and fish (remember Engel's Law). That is, rice is both an income elastic and an income inelastic goods depending on the level of income. Needless to mention, per capita consumption of rice declined substantially, since mid-70s, in all high and middle income countries such as Japan, S Korea, Malaysia and Thailand, thus depicting a low income elasticity of demand for rice. One should, however, also note that these countries account for only one-tenth of total Asian rice consumption. But those four countries (Bangladesh, China, India and Indonesia) which account for 70% of the total consumption,

are yet to experience a per capita threshold income level at which households start substituting rice for other food although at that income level rice might have substituted coarse grains and potatoes. With rice still remaining as an income elastic "superior" goods, especially in these countries, the calculus of self-sufficiency could be upset by the upcoming growth in income and hence the growth in demand for rice. For Bangladesh, if the high reform, high growth scenario (6-7%) becomes an order in the medium term, a dent to poverty alleviation might upset the self-sufficiency ratio, ceteris paribus.

On the other hand, the population growth in Asian countries — expected to rise by 18% during 1990s and by 35% in the next 35 years — is also likely to disturb the demand-supply equation. "Most of the additional population will be located in urban areas and the marketed surplus of rice has to increase. Recent projections show that, at prevailing price levels, the demand for rice may increase by 69% by 2025, most of it due to feeding larger population." Expansion of rice area could be the obvious answer to this daunting challenge but in a land-scarce country like Bangladesh, growing demands for urbanization, industrialization and housing tend to put a full stop to the availability of marginal land for cultivation. Again, heaving environmental considerations might also dictate a shift of land from rice to non-rice crops and thus exacerbating the land supply situation for rice production. We

can, of course, argue that a parametric shift in supply could take place, as in the past, to address the excess demand through increased yields. The most disconcerting event, however, is that even the future productivity rise in rice production is threatened by a volley of factors. First, many countries have already reached the highest technologically attainable output level and further rise in yields would be an impossibility (say in Japan, Korea and China, the yield rate is 6-7 tons/ha). Second, feeble chances are there for the yield rise in humid tropics and sub-tropics but due to topographical problems and natural hazards, the upper limit seems to have already taken place. To ease such constraints, the development of varieties resistant to these abiotic stress is yet to show up. Third, massive use of agrochemicals that made yield to rise in many countries, including in Bangladesh, is now being contained to arrest the environmental hazards. Fourth, there appears a growing quality consciousness in many countries e.g. in China, for high quality rice with better price but low yields, and thus constrain the use of HYVs with increased yields. The above negative factors have already begun to work to lower rice production. For example, while the global rice production grew at about 3% during 1975-85 and by about 4% a decade earlier, the growth rate glided down to about 2% a year during 1985-92. The recent growth rate of rice production in the Philippines, Brazil, Myanmar and Thailand is reported to be less than that of the population growth rate in the respective

Looking for Solutions

From what have been depicted above, it could possibly be said that to live with complacency in rice self-sufficiency is to live in fool's paradise. "There are many things on heaven and earth" which the policy makers of Asian countries seem oblivious of and such ignorance might invite the Malthusian Ghost to stage a comeback. Half of the world's poor are in Asia with a large unmet demand for food. Acceleration in the growth rate of per capita income will increase the demand much above the level of population growth rate. And given the supply constraints as outlined above, reemergence of food crisis in this part of the world is a real possibility unless a major breakthrough is made in the discovery of natural calamity resistant crops. A redirection of national and international research to address the adverse ecosystem is the call of the hour. It is nice to hear that IRRI is now working on this. In the meantime, the respective governments should continue to invest more in agriculture, especially in surface water irrigation and agricultural extension, to bring more areas under HYV net.

The writer is a Professor of Economics, Jahangirnagar University.

'People Power' Democracy Bows to Economic Clout

Abby Tan writes from Manila

A diplomatic and trade row between two Southeast Asian neighbours is re-fuelling the current international debate on whether economic interests should take precedence over human rights.

The row centres on an aborted human rights conference in Manila on the situation in the rebellious Indonesian province of East Timor. The battle highlights the differences between the free-wheeling, US-style democracy in the Philippines and the more tightly-controlled, authoritarian approach of its economically vibrant neighbours.

The planned conference has strained relations between the Philippines and Indonesia, two otherwise chummy friends within the Association of Southeast Asian Nations (ASEAN), which also includes Malaysia, Brunei, Thailand and Singapore.

Standing by its constitutionally-enshrined freedoms has proved costly for Manila. Indonesia has responded to the planned East Timor meeting by pulling out of an East ASEAN Business Growth Area Conference set for Davao City in southern Philippines. Indonesian businessmen also cancelled 12 joint ventures worth \$300 million with the Philippines that were to be signed at the conference.

The Philippines is often made to feel "odd man out" in the Association of Southeast Asian Nations, as fellow members look askance at its freewheeling politics and laggardly economy. Now it has been forced to learn the lesson that its comparative economic weakness makes it vulnerable to its booming neighbours.



Presidents Ramos and Suharto: Clash of style

With the absence of the biggest player, Malaysia and Brunei also pulled out, forcing the cancellation of the trade conference. The growth area was important for President Fidel Ramos of the Philippines, who hopes it will hitch the rebellion-

racked southern Philippines to the more prosperous east Indonesia, east Malaysia and Brunei.

Two similar growth triangles have been successfully launched, one linking Singapore, Malaysia and Indonesia, the other bringing together

south Thailand, north Malaysia and west Indonesia.

The spat was provoked by Jakarta's view of the planned East Timor conference as an unfriendly act which might be used as an anti-President Suharto forum by Timorese exiles who have been fighting Indonesia's 1975 occupation of the former Portuguese colony and its subsequent annexation.

ASEAN has supported Indonesia and rejected United Nations demands for East Timor's self-determination, provoking criticisms that ASEAN is part of the conspiracy of silence over human rights abuses in the territory. Human rights groups have accused Jakarta of killing up to 200,000 Timorese in the rebellion.

Jakarta took a dim view of Ramos' argument that he was powerless to cancel the meeting as the Philippines constitution guarantees freedom of speech and assembly. It described the argument as unacceptable.

Under pressure, Ramos

cited a letter from Timorese resistance leader Jose Ramos Horta to fellow Filipino organisers, in which he said the objective of the conference was to achieve self-determination for the East Timorese, as justification for banning foreign delegates, mostly Portuguese and East Timorese resistance leaders.

The Suharto government in Jakarta, however, wanted the conference banned altogether. It suddenly detained 90 Filipino fishermen, though Philippines were previously allowed to criss-cross ill-defined borders to fish in the world's richest tuna fishing grounds in the seas between Indonesia and the Philippines.

A Cabinet minister and Indonesian journalists cancelled ASEAN meetings in Manila. And Jakarta hinted it would stop hosting peace talks between the Philippines government and Muslim rebels to end the 20-year secessionist war in the south.

Other ASEAN countries sided with Indonesia. The Philippines takes pride in its liberal democracy and often reminds the world that the Philippines started a wave of peaceful "people power" revolts all over the world when they overthrew the dictatorship of Ferdinand Marcos in 1986. But

its comparatively rumbustious democracy has recently been cited by its more disciplined neighbours as a cause of its stunted economic growth.

Finally, a court acting on a petition by a group of businessmen stopped the planned East Timor conference. Presenting their petition, business leaders argued that there could be no human rights without economic development.

Manila's free-wheeling press is split in its opinion on Ramos' action. In his column in a leading daily, political scientist Alex Magno said the ban was embarrassing but necessary, as the economic costs weighed heavily against displeasing Indonesia.

But he pointed out that the issue reflected the Philippines weakness as a nation. It was "yet another of the national injuries we've to bear," he said, adding, "It's a reflection of the degree of dependence we've been reduced to in relation to other ASEAN countries."

Other commentators criticised Ramos for caving in to pressure. "It must be understood that we're not Indonesia's 28th province," wrote columnist Amado Doronila in the largest circulation Philippine Daily Inquirer.

But few commentators reminded readers that as long as the country remains an economic laggard, it will be overshadowed by its economically booming neighbours.

— GEMINI NEWS  
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To the Editor...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

Preserving the national heritage

Sir, The year 1990 was seen as the peak of theft of fine art objects and antiques. One study indicates that there has always been art crimes but the difference is that now-a-days it is violent and the values are enormous. And 90 to 95% of the stolen items never reach the original owners. We are rather lucky to get back the Silpacharya things without these being sent to the outside world.

Whatever the worth, no art work or antique is absolutely safe today; even historically important public buildings are likely to be stripped of their interiors, — paneling, staircases, and plaster works. And, therefore, as the law enforcing agencies deserve praise, they also need to be more vigilant and active in order to preserve our national heritage.

Col Mirza Shaif (Rtd)  
Banani, Dhaka

Banks and Chartered Accountants

Sir, I have sighted a letter by Mr A N A H Siddiqui, FCA, published in your daily on 12.5.94, highlighting the needs for utilization of services of Chartered Accountants by employing them in banks and other government institutions, which I agree with one accord.

The letter was written in reply to your post-editorial article — "Effective External Audits Help Banks Do Better" by Mr S B Chaudhuri (5-5-94).

It is prudent to provide some statistics on the employment of Chartered Accountants in banking sector. As I know, among all scheduled banks in Bangladesh, there are only three Chartered Accountants employed in banks (1 in Janata Bank, 1 in Islami Bank and 1 in Rajshahi Krishi Unnayan Bank). More surprising, no Chartered Accountant is employed in Bangladesh Bank. Besides those, seven Chartered Accountants are employed in some other non-scheduled banks and financial institutions (4 in BSB, 1 in BSR, 1 in ICB and 1 in Grameen Bank). Where the banks invariably need effective financial monitoring, fair evaluation of performance, implementation of standard accounting practices, confirmation on conformance of Banking Companies Regulations, etc., etc., in a nutshell implementation of effective internal control of banks, this employment statistics is very much frustrating.

It is obvious that external audit helps to a great extent in management decision making through reports highlighting irregularities and deviations from standard practices. But it is fact that the external audits only verify performance of an organization for a particular period verifying the past

records on a test basis. External audits cannot check and verify each and every transaction/activity because of time constraints. For example, the Sonali Bank has got altogether about 1300 branches which are operated by more than 25500 employees having total assets of more than Tk. 10000 crore. Just imagine, how can an audit team of five members (say) can verify all the activities of a given year handled by those 25500 employees! It is simply impossible. Internal auditors having professional qualification only can continuously and effectively monitor these activities using their expertise. That is why it is essential to employ Chartered Accountants in various banks as well as in other government institutions in accounts, finance, internal audit, MIS, exchange control and investment control departments. Regrettably, these are presently being managed by generalists.

Md Nurul Haque, ACA  
Maghbazar, Dhaka

Opposition's mass agitation plan

Sir, Awami League chief and Leader of the Opposition in Parliament Sheikh Hasina warned that if by June 26 demand for a caretaker government is not fulfilled violent agitation would sweep through the country. We are distressed and apprehensive with this ultimatum, we want peace and tranquility. If the opposition leaders were not self-centred and had kept their eyes and ears open they would have understood that people of Bangladesh are tired of political unrest which is hampering peace and prosperity of

the country.

We notice that leaders of opposition political parties seem to be very sympathetic with strikers of many sectors whatever be the cause of the strike. We wonder if it would have been the same if they were the ruling party. Anyway we would urge the opposition leaders not to be so dogmatic in their conviction.

Nur Jahan  
East Nasrabad, Chittagong

Social justice

Sir, The honourable finance minister often uttered practising social justice as per 19-point programme of General Zia while presenting budget in the Jatiya Sangsad on 9th June. Recently, I had the opportunity to witness the practice of social justice in Motijheel area where hundreds of hawkers, pedlars, shopkeepers, vendors etc. are selling all sorts of essentials, fruits, apparels, spices etc. on roads, and footpaths. In the past only car owners used to occupy those areas for parking their vehicles and they were also not required to pay a paise to Dhaka City Corp. Thus parking area is becoming inadequate while an authorized parking spot is yet to be built.

In the above backdrop I feel that at least some social justice has been practised in Motijheel area as police are not chasing them now while many of the ancestors of those vendors were jute cultivators and Motijheel area is the fruit of their slave labour.

Sadiq Alee  
120/1 Maghbazar,  
Dhaka

OPINION  
Opposition Rejects Budget

Javed Helali

I have no compunctions in accepting the fact that an opposition of any country may and can reject the budgetary proposals of its Finance Minister. That the Bangladesh opposition has done so is neither new, nor unusual.

What surprises me, however, is the speed with which it has done. To my knowledge, neither the government nor the opposition has gentlemen in their midst, who could go through the whole text of the Budget in a matter of hours and reject it outright as it has been done.

A budget document for all intent and purposes is a serious document which needs to be criticised and improved in the light of suggestions made by the opposition as well as the back-benchers of the ruling party, if worthwhile. But then, the opposition has to attend the parliament session. Is it doing so? What is more important for the country at this point of time? Debate on Caretaker Government before the next elections (which is months away) or the financial destiny of the country for the next year (which has to be decided now)?

What does the finance minister of the 'shadow cabinet' say? (Do we have 'shadow cabinet' as in other parliamentary democracies?) Assuming that the opposition has "shadowy" finance ministers, have they developed any budget or at least budgetary guidelines in order to be effectively participating in the debate on the budget?

I am not interested to hear Mrs Hasina Wajed or Moulana Nizami say that this budget is not good. I am interested to know, why, and what is/are the alternative(s).

Opposition to anything that the government does for the sake of opposition should be done away with. Many governments make mistakes. It is the duty of the opposition to point them out with facts and figures (not rhetoric) and get them corrected for the national good. The opposition must think of themselves as a "government in abeyance" or a "government in the making" — not just a political party.

The BNP government could have done better than what it has in its three years in power. But the opposition has been and is doing great disservice to the nation by staying away from the parliament during the budget session.

Are we to hope that the opposition will study the budget seriously and make its rightful contribution towards its passage? Are we to hope that next year there will be some kind of a 'shadow budget' even if Mrs Hasina Wajed or Mr Misanur Rahman has no 'shadow cabinet' as yet? Are we to hope that the opposition will behave responsibly?