

For More Power to the Corporations

To have a workable grasp of the problems of governance in Bangladesh one must at the very outset realise that this nation was but a number of districts for far too long and then a province for over two decades. The some place become a nation and a state without adding an inch of land to itself.

The ruling BNP went gaily into a very very commendable job of democratising the upkeep of the four big cities of the nation. But along with elected Mayors, no attempts were made to delegate power to them, to enable them to carry out the people's mandate.

The Centre for Policy Dialogue has done a wonderful job of getting together exponents of opposing and differing shades of opinion on the point of more power for the corporations. Laws now governing the city corporations were made to suit setting puppets at the head of those bodies, people that were not needed to answer to the needs of the cities.

The local government minister A S Talukdar cut an interesting figure in the dialogue maintaining a tough position against the development of local government. This is strange but understandable.

It is his job as minister of his particular portfolio to ensure that the local bodies keep in line and do not get ideas about being a government of whatever sort. Short of getting out of his fear of 'political motives', which he would not, he can do great work by drawing a list himself of 'powers metropolitan' — the residue residing with the state.

While over the last three years calls to lift UN-imposed sanctions have found little support, the mood seems to be changing now. It came as a surprise when Khaled Bin Sultan, the Saudi prince who led Arab forces against Baghdad, said he favours a policy which will 'reinstall Baghdad and Tehran, capitals comparable only to Cairo and Riyadh in their regional importance, as two feet of the tripod upon which the security of the Gulf traditionally rested.'

Edible Oil Woes

Soyabean oil is the highest selling cooking medium in the country. As such it has been fiddled with extensively by those who deal in it. Their manipulations have led to two-pronged profiteering. On the one hand there is the price-jacking in a spiteful defiance of the landing or the refining costs of the stuff and on the other, which is more dangerous, you have the adulteration in it.

Soyabean oil is therefore a test case whereby one can easily put the authorities on the spot regarding their price watch on an almost universally used consumer item as well as their vigil to ensure proper quality of the same.

We would not have been jarred out of the customarily resigned attitude to such things had it not been for the fact that the import duty cuts in the budget have re-focused our attention to edible oil in particular where things have soured to an evident degree. The government has brought down the customs duty on imported crude oil, including the soyabean and palm oil varieties, from 45 per cent to 30 per cent in the budget for 1994-95.

Whilst the customs duty has been reduced on crude oil, that on oil seeds from which also edible oil happens to be extracted hovers at the previous level. As long as this duty differential between both the crudes remain there is hardly any possibility of the prices of edible oil coming down.

To our understanding, the best way of ensuring reasonable price and good quality of edible oil, or for that matter any other daily necessities is to make the market of the same internally competitive in the first place. But in our context, most of the producers, refiners or the wholesalers are not self-enthusiased to offer good quality products at reasonable prices on any sustained basis. That social commitment on their part is simply missing. So, by merely offering them the objective conditions of a competitive market, we cannot expect the best of results from them. What is badly needed, on balance, seems to be a strong consumer resistance movement with a scientific capability ingrained in it to pass proper judgement on the quality and prices of various commodities and services.

Dollar's Travails and Our Currency Market

WORLD currency markets were roiled by the Wall in the value of the US dollar in recent weeks. The dollar dropped to new-post World War II lows against the Japanese yen. For the first time since the modern exchange rates were set up the late 1940s, one yen became worth more than a US cent.

Dollar's slide against the yen has drawn more attention than its weakness with other major currencies. That is because a crucial threshold of one dollar to a hundred yen has been breached for the first time in the global currency markets. World's leading central banks — 17 of them, including the US Federal Reserve — mounted a concerted intervention to shore up the dollar.

This was a massive concerted intervention by past standards. The dollar had drifted quite close to the 100 yen level in early May. The same central banks had then undertaken another coordinated intervention on May 4. That intervention had cost them \$5 billion — half the amount of the June operation. Nonetheless, the May intervention had but-

ter success in arresting dollar's downside, at least for a few weeks. By contrast, the July intervention fell flat. The dollar barely paused at a level above 100 yens before slipping back again. Question is why did a \$5 billion intervention worked but a \$10 billion operation did not? Well, it's mainly a matter of market sentiments. The market had strong expectations that the May intervention would be followed up by a raise in short-term interest rates by the Federal Reserve Board which would make dollar holdings more attractive.

And the Fed did not interest rate up. In June, the market sensed that no such interest rate move was in the offing to sustain enthusiasm for buying dollars. Daily transactions in the global currency markets run into trillions of dollar. A package of \$10 billion does not mean that much by itself unless there are more goodies to come by.

The market also looked askance at the July 8-10 annual summit of the Group of Seven (G-7) leading industrialized nations for a strong signal of support for the dollar. However, the summit did not relay any clear indication of an immediate and concerted action by the world's rich nations to prop up the dollar. So the dollar was free to resume its downside. Action by the Federal Reserve to raise interest rates could bring a temporary respite. All the same, the market realises that the Fed would not make such a move merely to buttress the dollar but only if the US economic indicators, particularly the growth rate, unemployment situation and inflationary expectations, demanded it.

Last week at one stage, the dollar hovered close to 97 yen. At about the same time last year, the dollar had moved around 108 yen. As a matter of fact, the dollar had been on a downward slope throughout the year. But that is not all. Looking over a roughly ten-year period, one can see that 1985 had been one of the best years for the dollar when it touched 263 yen and 3.45 Deutsche mark (DM) at one stage. In 1992, the dollar had reached a low of 1.38 against DM. It also fell to 119 yen but next year it tumbled to the then lowest point below 101 yen in August '93. At about

the dollar is the preferred currency for settling international transactions. The US currency thus commands huge transaction demand globally. Investors have also reason to fear erosion of value of dollar-denominated assets resulting from continued fall in the US currency's conversion rates. On the other hand, they also consider these investments as the safest. The dollar still remains the safe-haven currency in times of turmoil. In the end, the rate of return on dollar assets will perhaps turn out to be a crucial factor in guiding the investors' attitude. This brings interest rates

into play. At the moment, the best combination of action would perhaps be for the Federal Reserve to raise interest rate and for the German Bundesbank to lower it. However, this is easier said than done. Some analysts reason that unless the US interest rates are made more attractive, the continued weakness of the currency might trigger massive liquidation of dollar assets, particularly bond and equity holdings, by foreign investors for fear of serious depletion of conversion value of such instruments. This, in its turn, would cause huge outflow of funds, which might even destabilise the US economy and the financial markets across the globe. Likewise, institutional investors, like mutual funds in the United States

perennial US trade deficits perhaps contributed largely to the fall in the dollar's value. The deficit tended to expand the supply of dollar for conversion into other currencies. Investment demand for dollar had partially offset the trend. Analysts say that the US budgetary deficits had mostly been financed by flow of investment funds from abroad. Besides,

the yen continues strong. Asia might as well see increase in the level of Japanese investment in the region. On the otherhand, imports from Japan would become costlier. To compensate for that, exports to Japan also would have a better edge. However, yen denominated debts will turn into a heavier burden to the countries in the region as elsewhere.

HOW is our embryonic currency market faring in these currency turmoils? Well, mostly it has been going its own way, insulated from happenings elsewhere in the world. The dollar had actually strengthened here initially in dealings within the narrow grid set in the light of the central bank's buying and selling rates. Taka weakened as there was more demand for dollar from the importers. Notably, most currencies in East Asia strengthened against the dollar in keeping with the global trend.

The behaviour of our currency market has some significance in the context of talks of making the Taka fully convertible in a matter of months. In essence, convertibility is the culmination of an exercise in dismantling exchange controls. The way our currency market behaved this time indicates that critical elements of exchange control remain to be lifted yet. Full access to private foreign currency receipts, freeing conversion rates, perhaps are the priority areas which call for deregulation to prepare the market to operate in an era of full convertibility.

getting out of control. Political forces sympathetic to Iraq have expressed displeasure over what they see as a shift in Jordanian policy toward Iraq. A group of Muslim fundamentalist members of Parliament, leftists and independents met Jordanian Prime Minister Abdel Salam Al Majali recently to complain about this. "Recent official statements indicate a shift in policy toward Iraq and this is unacceptable to us," said group spokesman Nidal Mansour. Hamam Saeed, a lawmaker and member of the Muslim Brotherhood (the largest parliamentary bloc), said no common ground was reached at the meeting. Mr Majali reportedly denied there was a change in policy and insisted that Jordan's stance "ultimately is in Iraq's interest."

One thing was obvious, however. None of these political forces was seeking a confrontation with the regime or the monarch whose popularity even among the pro-Iraqi subjects, remains remarkably high. Jordan, while complying with UN trade sanctions against Iraq, remains the main gate for Iraqi food and humanitarian imports. Iraq, on the other hand, continues to be a key market for Jordanian industries and is a vital source of cut-price crude oil. The Jordanian government has insisted it remains friendly towards Iraq despite the King's criticisms of Saddam. "We are still with Iraq both in spirit and in substance," a senior government official said. "There is no change in our stand... but there is more focus on the need for political pluralism in the region, including Iraq."

Dephnews Asia

ALONG MY WAY

S B Chaudhuri

this time last year, the dollar had been moving around 1.75 DM. Last week, it neared a low of 1.50 DM. All these years, the dollar has rebounded from time to time. It was not always down the slope. However, the underlying tone had been one of decline. Looking over these years, it almost gives the impression of being a secular trend of falling dollar values against major global currencies.

Perennial US trade deficits perhaps contributed largely to the fall in the dollar's value. The deficit tended to expand the supply of dollar for conversion into other currencies. Investment demand for dollar had partially offset the trend. Analysts say that the US budgetary deficits had mostly been financed by flow of investment funds from abroad. Besides,

problems with the country. Other UN officials spoke about taking steps toward the lifting of sanctions. Although such moves would not be taken immediately, perhaps not for another six months, Iraq's situation is not expected to deteriorate further. With regional reorganisation, funds from a rejuvenated Iraqi oil sector would be integrated into a regional common market — a prospect that could be regarded as favourable by Israel. Incorporating a rehabilitated Iraq would provide an

extra source of funds for regional plans and a resettlement area for thousands of Palestinians who would not be allowed to return to their homelands in the occupied territories. A visit to Iraq by a senior Iranian government official recently triggered speculations about a possible reconciliation between the two countries which fought a devastating war from 1980-1988. Mohammed Javad Zarif, deputy foreign minister of Iran, visited Baghdad to discuss the pressing issue of prisoners of war (POW), among other things. Mr Zarif said: "We have discussed the POWs for the time being and touched upon other issues. We are all committed to its resolution."

About 20,000 Iraqi POWs from the eight-year war still languish in Iranian camps while Iraq says it has 1,000 Iranian prisoners. The two

countries have exchanged about 75,000 prisoners since the war ended. The Arab press reports that Iran's move was aimed at normalising relations with Iraq in an attempt to counterbalance regional and international pressures. It was an expression of the Iranian leadership's pragmatism. If Tehran notices a tendency toward normalising Iraqi-Western ties, especially with US, Iranian officials would also move to ensure the future of their relations with Baghdad.

Iraq Wants to Join ME Peace Process

Mounir B Abboud writes from Beirut

UNSCOM can certify full Iraqi compliance. The major player in the debate to prolong sanctions against the United States. The administration of President Bill Clinton is completely engrossed in the crises in Bosnia and Somalia. Under the previous Bush administration, the US-Iraq confrontation was highly personalised in character. This hardly applies to President Clinton and his team, who face tough congressional opposition to American involvement in external conflicts.

The US has been accustomed to a rather less risky means of dealing with regional issues — letting its allies take over as mediator. Thus, the US was happy to sponsor the Gaza-Jericho agreement despite the fact that the negotiations were conducted secretly and largely outside its sphere of influence. The strategy of letting others sweat while protecting US interests could also be applied to Iraq. Multilateral talks could help relieve the US of the burden of acting as watchdog in the Middle East.

Most Arab diplomats believe Iraq should be included in any talks even if this would mean Saddam Hussein's survival. Settling water, electricity and trade problems among Middle Eastern states should certainly include Iraq and Iran. A weak Saddam in charge of a barely united country and patently unable to oppose peace moves would mean that Israel and the US can dictate the basis of new regional security arrangements.

Recently, Rolf Ekeus, head of the UNSCOM group in charge of scrapping Iraq's weapons of mass destruction, said that considerable progress has been made regarding

Keeping Iraq out of the Middle Eastern peace process could pose serious threats to any attempt at regional stability

Iran which, under the late Ayatollah Khomeini, vowed never to resume ties with Iraq's Saddam Hussein, has recently been trying to move closer to Baghdad. Press reports disclosed a secret meeting between the foreign ministers of the two countries, an exchange of letters between their leaders, and a flourishing trade across their shared border despite the UN-imposed embargo against Iraq. Iraqi companies have agreed to repair a bridge which links Khorramshahr to Basra across the Shatt Al-Arab estuary. A dispute on sovereignty over this waterway was one of the main reasons that led to the outbreak of war in 1980.

Despite the deep scars of war, the two countries share some things in common. They are both hostile to the US and its policy in the Middle East. They are also opposed to the recently signed peace accord

between Israel and the Palestine Liberation Organization (PLO). Most analysts and observers believe that Iran was seeking to set up a common front with Iraq to oppose the PLO-Israel accord and similar agreements in the future. Others said it was seeking a unified anti-American stance since Washington has adopted a hostile policy of "dual containment" of the two Gulf countries. But Iran's policy seems to be following the general rule given indications of an apparent normalisation of the West's ties with Baghdad.

Recent reports have suggested that the American administration was using Baghdad to help promote the current peace process. The Central Intelligence Agency has revealed that it had refrained from backing a recent coup attempt against Mr Hussein by some Iraqi army officers. Furthermore, there are reports of contacts with Iraq on the resettlement in that country of 300,000 Palestinians from Lebanon in exchange for a partial lifting of the economic blockade against Baghdad.

These may have suggested to the Iranians that a change in Iraq's political system may be unlikely. For Baghdad, reconciling with Tehran would mean the flow of Iranian visitors which would boost the Iraqi economy. On the other hand, Iraq's relations with Jordan have never been more strained. King Hussein has let off a barrage of criticisms of the Baghdad regime in recent months. Yet the two governments seem to have successfully kept the situation from

Washington-Baghdad relations

Sir, Relations between the USA and Iraq have been very bitter since the latter invaded Kuwait and the former attacked and ousted Iraq from Kuwait. Over three years have passed since Iraq has been razed to the ground, the 'Desert Storm' has ceased to blow. But for one excuse or another the UN economic sanctions against Iraq have not been lifted as yet. The people of Iraq continue to groan in pain, hunger, ruins, disease and want. Everybody knows that the USA has always been working behind the scene for the UN sanctions against Iraq.

In the 1940s the USA and Japan were the arch enemies of each other. The bombing on the USA ships at Pearl Harbour by the Japanese forces on the one hand and the massacre of Hiroshima and Nagasaki by the US atom bombs on the other, had proved the extend of

lieve them. After all the intellectuals and politicians are allowed to fantasize and make promises not to be kept. We are supposed to believe them and keep on dreaming to see the light at the end of the tunnel some day.

Akku Chowdhury West Nakhalpara, Tejgaon, Dhaka

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.

A tribute to Jahanara Imam

Sir, I was one among the multitude who thronged at the airport in the late afternoon of 4th July to pay respect to Shaheed Janani Jahanara Imam. Although terminally ill, she kindled the spirit of truth and justice by her fortitude and indomitable courage among the millions, which is known to any conscious citizen.

But I had the opportunity of knowing Jahanara Imam as a meticulous and conscientious teacher as her student at the Teachers' Training College, Dhaka in 1966-67. Although she taught us Bangla, I often sought her guidance and direct help in planning English lessons for practice teaching classes in schools, after which I always felt very confident in teaching.

One instance that testifies to her seriousness as a teacher is when as a trainee teacher I was once trying to probe into the inner meaning of a specific part in one of the poems by Jasimuddin. I approached her

while she was working, sitting not in the staff room, but alone in the auditorium. At first, she sounded scolding me mildly for asking an equivocal question at such a short notice and then readily assured me by saying that she will ask the poet the following day and make sure what he actually meant. And she did exactly what she said. I felt spirited because of two reasons, one, having learnt meaning as told by the poet himself, and the other, the sincere effort of my teacher to make the meaning absolutely clear for me. I remember vividly how I revered her as a teacher because of her steadfastness which she upheld till the last day of her life.

Nazma Yeasmeen Haque Uttara, Dhaka

NGO bashing

Sir, The Govt becomes 'deaf and dumb' on 'hot' issues. The attacks on NGO activities by religious fundamentalists must stop, and Govt should issue a 'white paper' on the issue disturbing the progressive ele-

ments in the society. Why the PM or Ministers avoid press conference grillings? It is a part of the 'occupation hazard' of governance.

I find this government too slow too long on explosive issues. Why I hear to get info on my country from foreign sources? Govern in a transparent manner or lose my vote at the next election. M M Ahmad Dhaka

At the end of the tunnel

Sir, The recent alliance between Sheikh Hasina's Awami League, Hussain Mohammed Ershad's Jatiya Party and Golam Azam's Jamaat-e-Islami comes to me as a stab in the back of the people of Bangladesh. But then I am a commoner not belonging to the exclusive club of the intellectuals and politicians who have the uncanny perception to analyze and dissect political moves by our great leaders and can foresee the light at the end of the tunnel. To me, already saddened with the death of Jahanara Imam, plus fundamentalists' activities and, to top it all, Golam Azam being declared as a citizen, it seems the light at the end of the tunnel has just been turned off. But then again who am I to know what mysterious games our great leaders play for the good of the nation and us

commoners. But the people cannot help feeling 'betrayed when they see this alliance is being made for a 'movement outside the parliament' with the excuse of 'parliamentary leadership.' Then again I am sure our intellectuals and politicians have the correct answers for all these moves — 23 years later we are trying to establish the glory of our great war of independence, 23 years later the defeated forces who denied and rejected the idea of Bengali nationhood and that of Bangladesh have the courage to openly denounce and declare freedom fighters as miscreants and traitors once again! Is there anything more disgusting, degrading and diminutive than this? How and why have we led ourselves to this situation? But then I am just a common man.

Then again I think that is where the whole problem has been. As just a common man we trusted our leaders and the intellectuals too much. We believed them and expected more than they could deliver. They have failed and continue to fail us and we get deeper and deeper into the tunnel which has no light at the end; but they promise us they see the light. Although we do not see any light we believe them since they are the intellectuals and leaders and we are the ordinary commoners. But that is perhaps our mistake. Maybe it is all our fault because we be-

lieve them. After all the intellectuals and politicians are allowed to fantasize and make promises not to be kept. We are supposed to believe them and keep on dreaming to see the light at the end of the tunnel some day.