Founder-Editor: Late S. M. Ali

Dhaka, Monday, July 18, 1994

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 were 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. This fast and radical transformation in the political structure and the quality and magnitude of political power of this area was not matched by a transformation of the attitudinal horizon of whoever happened to constitute here the political authority. Bangladesh as a result has been ruled by minds and practices addressing no higher goals and purposes than those of a district magistrate of the olden British colonial times. The problem has only been worsened beyond easy repair by one-man armed rules for almost all of Bangladesh's existence as an independent state.

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. Due recognition of this necessity - it's not too late to do that now - could take off a large share of the government's headache and make a big leap forward for the process of devolution of power and eventual coming of age of Bangladesh as a state.

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. Now the Mayors have their electorates to be accountable to. How can they be,

without relevant powers? 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. It would be of interest to guess on what list he would keep the power over the health as well as the looks specially of Dhaka megacity. To keep it in the shape respectability would demand, Mr Talukdar would be forced to empower DCC with wide-ranging capacities. If he doesn't feel any need for a modern city here in place of the present reign of chaos and vulgarism and environment-killing ways of ostentation, and if his feeling reflects the government's - he will be instrumental in keeping the city pathetically unprepared to take on the challenges of the third millennium AD.

If DCC is not to be anything different from the municipality chaired by, say, Khwaja Nazimuddin decades back, why was this stupendous Nagar Bhaban built? This unnecessary emphasis on the person rather than the institution is what Talukdar and his government are politicising with areas that should have been left out of this.

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 pricejacking 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. This has been done with an eye to a stepped up supply of Soyabean oil in the country, obviously in the edible form, with the attendant benefit of its price going down. What has reportedly happened instead is that the old tendency of mixing soyabean oil with palm oil has accentuated. This blending itself has been shortchanging the consumers in huge monetary terms, as we had observed in an editorial in the recent past. In addition, the mixing of a particular kind of palm oil which is an ingredient for making washing material is highly objectionable.

Whilst the customs duty has been reduced on crude oil, that on oil seeds from which also edible oil happens to be extraced 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 necessaries 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-enthused 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. They can then weigh with our standardisation authorities to deliver the goods that have proved elusive to us for so long a time.

Dollar's Travails and Our Currency Market

kets were rolled by the Wfall in the value of the US dollar in recent weeks. The dollar dropped to new-post-World War II lows against the Japanese ven. For the first time since the modern exchange rates were set up the late 1940s, one yen became worth more than a US cent. Against the Deutsche market, the dollar touched the lowest point in 20 months and dipped to a 13-month low visa-vis the British pound.

Dollar's slide against the ven 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. They bought dollar against other major currencies, mostly yen. The idea was to give the sagging US currency a lift by injecting demand for it - pull it above the so-called psychological barrier of a hundred yen for one dollar. One single day's intervention on June 24, cost the central banks somewhere around \$10 billion from their foreign exchange reserves.

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 coordinate intervention on May 4. That intervention had cost them \$5 billion — half the amount of the June operation. Nonetheless, the May intervention had better success in arresting dollar's downslide, 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 notch 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

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 downslide. 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.

The market also looked

Last week at one stage, the dollar hovered close to 97 ven. 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 tenyear 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

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 curren-

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,

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 easter 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

itself, could park their money elsewhere. Such indications are aiready there. The bulk of recent investments in the newly emerging sharemarkets in Asia. Africa and Latin America came from the US investors. It is also reported that ven-denominated bonds are increasingly capturing a larger share of overall activity in the international capital market

Superimposing it all are

thoughts about the way the speculators would behave. Market watchers say that there had been no overt signs of expanded'speculative activity as the dollar drifted lower. There had been no massive speculative sales either. It seems that the speculators are not quite sure if the dollar's weakness is for real. All the same, some analysts hold that the dollar's depreciation has come about as a matter of trade policy for making American exports more competitive. There has been strong disclaimers of course and it has been stated categorically that dollar devaluation was not a part of the US trade policy. However, unless the notion is dispelled completely, speculators could take it that the dollar would continue to fall or at least remain weak for now. Such a perception could trigger massive un-

loading of dollar. For now at least, dollar's weakness has brought strength to the ven. There could be some fallout for Asia from the ven's continued strength. A soaring yen erodes the competitiveness of Japanese exports. This might create an urge to relocate manufacturing facilities where goods can be made cheaper. A strong yen also makes investment abroad less expensive then before. If

the ven 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

OW 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

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.

Iraq Wants to Join ME Peace Process

the current Middle East negotiations make an end to the conflict in the region a very distinct possibility in the

not so distant future. With a regional reorganisation imminent as a result of peace in the troubled Middle East, Baghdad suddenly wants to join the quest for an end to the strife which has racked

RAQ desperately wants to

jump on the peace train as

the region for years. But there is a major stumbling block to iraq's becoming a full-fledged participant in the current peace process - its full compliance with demands of the United Nations imposed after its invasion of neighbouring Kuwait in 1992.

Iraq's participation in the peace process is a vital question because keeping it out could pose serious threats to any attempt at regional stabil-

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 "reinstate 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."

The third power used to be the Gulf Cooperation Council of which Saudi Arabia is the

dominant partner. It looks like Baghdad, longing for acceptance by the international community, is ready to adhere to all UN demands. Recently, Iraqi authorities finally capitulated to UN requests to submit names of suppliers and details of banned weapons programmes a major requirement before the UN Special Commission

(UNSCOM) can certify full Iraqi compliance.

The major player in the debate to prolong sanctions against is 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

Mounir B Abboud writes from Beirut

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

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.

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

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 tranian prisoners. The two

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 its leaders, and a flourishing trade across their shared border despite the UNimposed embargo against Iraq. Iraqi companies have

agreed to repair a bridge which links Khorramshahar 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

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. fully kept the situation from

But the people cannot help

between Israel and the Liberation Palestine Organization (PLO). Most analysts and observer

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 of-

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, Irag'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 successPolitical forces sympathetic

getting out of control.

to Iraq have expressed displeasure over what they see as a shift in Jordanian policy toward Iraq. A group of Muslim funda-

mentalist members of Parliament, leftists and independents met Jordanian Prime Minister Abdel Salam Al Majali recently to complain about

"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 inter-

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

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."

- Depthnews Asia

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 citi-

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 days of her life. Nazma Yeasmeen Haque

NGO bashing

Uttara, Dhaka

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 elements 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

> 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 and 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.

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. Thy 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.

Akku Chowdhury West Nakhalpara, Tejgaon Dhaka

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 enormous cumity between the two countries

However, after the tragedy of Hiroshima and Nagasaki, everything changed in a fortnight and the USA rushed all possible help and assistance to Japan to heal the serious wounds of the defeated country. Today the USA and Japan maintain world's most important bilateral tie. Similarly, Moscow, once a bitter foe, has now turned into a sweet friend of Washington.

We fail to understand what for the the old hostilities between Washington and Baghdad should continue any longer? The ball is now in the White

House court. We would request the US President Bill Clinton and the Iraqi President Saddam Hossain to forget and forgive the past nightmare and build up a new era of understanding and friendship among the two countries. Let the US President Bill Clinton and Iraqi President Saddam Hossain meet each other somewhere in Europe and shake hands with each other as the PLO Chairman Arafat and the Israeli Premier Rabin did in Washington some months ago for the sake of peace and friendship.

We would also request the UN to lift the economic sanctions against Iraq for the sake of humanity.

O H Kabir 6, Hare Street, Wart, Dhaka