

## Productivity is All that Matters

The loss of more than 80,000-man days caused by labour disputes in the country's manufacturing sector over the past 20 years should set the alarm bell ringing. As categorised by the Metropolitan Chamber of Commerce and Industry (MCCI), 357 out of a total of 932 industrial disputes have been found to be politically motivated. Percentage-wise the figure of the political type of labour disputes is 38.3, meaning 61.7 per cent of the work stoppage in industries was related to internal squabbles and other contentious matters within the parameter of the place of work. That the political factors had as small a share as 17.6 per cent of strikes in the 1970's and as high as 100 per cent in the late 1980's is only natural, considering the mass movement against Ershadian autocracy in the later period.

This is however no guarantee that the situation has improved in the early 1990's. What is revealing is that during the period between 1972-91, the country's labour productivity has declined unabated. The trend might well continue since then, because we know of no measure taken by the incumbent government to set things in the reverse order. What all this points to is rather disconcerting for the men responsible for managing the industrial sector here.

Politics as the only pretext for industrial sluggishness is as untenable as the internal factors accounting for the whole misery in the sector. Before raising accusing fingers to the more convenient flaws, it is better to bring the house in order first. If the internal shortcomings cannot be addressed, the system is not going to respond effectively and positively.

However much cheap our labour may be, the competitive edge we have sought so long to establish is going to be a mirage. Industrial performance at such a level is likely to bring further set-backs at a time when competitive edge has globally been found to be a key to success.

Our problems in this sector is made urgent by our need to meet the market challenge brought about by our liberalisation of market and trade. Unless the efficiency factor is taken care of, our products will not be competitive in the consumer market. This is however not to advocate any protective measures for our industries. Better it would be to ask from them the enforcement of some specific disciplinary measures in the factories and industries within a time frame. The aim is to improve the management and productivity during that stipulated period. To bring this about our entrepreneurs, labour leaders and the government must work closely together.

Labour productivity in the country is already one of the lowest in the world. If deliberate attempts are made to bring that further down, we will simply end up with no industries with any degree of competitiveness. Politics apart, let us do some soul searching and identify the areas where we have scope for improvement. We have not enough resources to invest in a whole lot of manufacturing ventures. What we however can do is to select a few and go all-out in making those products competitive to get a share of their international markets. This way we can bounce back to some level of competitiveness.

## Bikrampur Drowning out of Existence

If government means the highest and mightiest agency set up by the people to care for them effectively and unfailingly, large chunks of the Lohajung and Tongibari thanas of Munshiganj district are being deprived of such a government for two years running. Two years is not such a long time and those tracts featuring densely populated habitat known by the legendary name of Bikrampur may not be quite unique in not being extended the benefits of governance. But the fact that parts of this glorious area rich in so much to preserve and remember were fast being eaten up for good by Padma erosion makes it nationally grievable, in irrepressibly amiable sobs for those who have their hearts in the right place. Last year 20 villages including prosperous bazars with cinema halls and schools went down the Padma. This season in a span of only 20 days nine villages simply vanished. Just imagine the renowned Gandhi Maidan being there no more.

It may be quite true that Bangladesh, as things stand, has neither the resources nor the technology to effectively fight river erosion. But this only begs the question whether the government has at all the will to do something about erosion as a destructive phenomenon outside of some half-hearted and already defeated attempts at saving Sirajganj and Chandpur. If there was the will, there would, of course, be the ways. After all, erosion is not directly and wholly the handiwork of some pervert machination. Granting that river erosion would continue to be a grave socio-economic problem beyond government control for many decades to come, the question of timely warning and compulsory evacuation and mitigation of the sufferings of the victims remains.

The more resourceful among the unfortunate people have been, for all one knows, making provisions for settling on more secure grounds. But tens of thousands of poor victims are surviving somehow without a homestead or in many cases without any kind of shelter. They need help, immediately, to begin life anew.

And with the villages have gone down thriving bazars having at least a thousand well-stocked shops and scores upon scores of arats or business cartel houses. These business people need help to continue with their economic activity the absence of which would render the once enviably prosperous area positively unliveable.

The worst aspect of the sad story of Bikrampur's drowning out of existence is that many are the sons of this soil commanding wealth in Dhaka and elsewhere that can vie with those of the richest in this century. Not a pie has been forthcoming from them for the mitigation of the sufferings of their near and dear ones and for the protection of what should have been very dear to them as the place of birth for them and their untold generations of forebears.

# Encouraging Investment from Bangladeshis Living Abroad

by Matthew Morey

It is no secret that Bangladesh has recently been attempting to attract foreign investment; the many sophisticated advertisements in major Asian magazines promoting Bangladesh as a place for investment completely attests to this. However, in spite of this desire, little foreign investment had been attracted into Bangladesh. Over the past five years only and estimated 60 or so million US dollars of foreign direct investment has been received by Bangladesh, an extremely paltry sum relative to the tens of billions of dollars that have recently been invested in many east Asian countries. With this lack of foreign investment and yet still the great need for outside sources of capital, Bangladeshis must begin to ask themselves what else can be done to attract investment. One response to this query is that policies should be implemented making it easier for Bangladeshis who are residing abroad, to invest back into Bangladesh. Many of these people have large resources relative to most Bangladeshis, and because of their obvious cultural connection to the country, are willing to invest. Yet, because of the difficulties these people encounter when attempting to invest back into Bangladesh, they do not invest, or alternatively, invest back in less productive ways. This article hopes to highlight some of the difficulties that Bangladeshis living abroad have had when trying to invest back into the country, and gives some very basic policy recommendations for how the investment climate can be improved for this important class of people.

## Some Background on Bangladeshis Living Abroad

The number of Bangladeshis who live abroad is still a matter

of speculation as the Bangladeshi government still does not have a good fix on the population overseas. However, according to Nurul Islam, the Director of the Overseas Development Center in Sylhet, there are in the neighborhood of 600,000 Bangladeshis living in the Middle East and hundreds of thousands, if not millions, of Bangladeshis and people of Bangladeshi origin living primarily in Japan, North America, and the United Kingdom. The total remittances from these people abroad now constitutes some one billion US dollars, making it the one of the largest sources of foreign exchange in Bangladesh.

In terms of individual wealth, most of the Bangladeshis living abroad are not extremely wealthy by western standards. For the most part these people are from the working classes and hence have taken a long time to accumulate any savings they have.

Indeed, because of their lack of large resources and because their savings have been very hard to come by, when overseas residing Bangladeshis think of investing back to Bangladesh they tend to look for investments that are relatively small and risk-less. The Wage Earners Development Fund, for example, has become very popular among Bangladeshis living abroad as it pays in the neighborhood of 16 per cent annual interest with little or no risk. Another example is real estate. In Sylhet, where many families of overseas residing Bangladeshis live, land prices have increased as Bangladeshis working abroad purchase land as they think this will be a safe, secure investment. On the other hand, large scale investments that require a great deal of initial capital, are a difficult proposition for most Bangladeshis living abroad.

## Investment Problems that Non-Resident Bangladeshis Face

As stated above, although overseas residing Bangladeshis are small, careful investors that does not mean they do not want to invest back into Bangladesh. Rather, since many overseas residing Bangladeshis hope to return back to Bangladesh or still have family here, they are keenly interested in investment projects that meet their needs of safety and modesty. However, there are a number of problems that these Bangladeshis face when investing in the country.

**A. Returning home: Initial Alienation:** When a non-resident Bangladeshi wishes to invest back into Bangladesh, the first thing he will do is presumably come back to Bangladesh to set up the investment. It is in this time that the returning Bangladeshis face situations that tend to alienate them from their own country and hence cause them not to want to invest back into Bangladesh.

When a Bangladeshi who has been residing overseas arrives back to Bangladesh, like everyone else, the first thing he has to go through is customs. What allegedly happens is that the custom officials find out that these returning Bangladeshis have been working overseas, and surmising

that these people have a lot of money on them, hold up passage of their baggage until and ample bakshesh is paid. This initial treatment combined with the fact that at the Bangladesh international airports there are no information booths for people returning home nor little in the way of welcome home signs to Bangladeshis living abroad. It is not surprising that many of these returning Bangladeshis begin to feel alienated from their own homeland. This alienation serves to make many returning Bangladeshis very wary about investing in their own country.

**B. Lack of Investment Opportunities:** As mentioned above, Bangladeshis who work and reside abroad are generally not extremely rich and hence are relatively risk-averse in terms of the investment preferences. Further because of the fact that they live abroad, they prefer investments that are administratively easy: either a fixed return investment, or investing in a project that someone else administers for them. However, in Bangladesh there are simply not enough outlets for these types of investments; generally speaking, there is a complete dearth of jointly run projects that formally allow outside financing from expatriate Bangladeshis.

The Dhaka Stock Market, seemingly a perfect place for investment since share markets normally offer low administrative costs combined with small initial capital requirements and modest returns, is still riddled with inefficiencies that make investment difficult and time consuming at best. Indeed, the lack of liquidity in the market combined with the lack of regulation, make investing in the market a very risky and time consuming task

for someone living in Dhaka much less London. All this sums up to leave most people investing, if at all, in bank and bond accounts or real estate.

These types of investments are in many ways not as productive uses of capital as investments only into bank accounts and real estate force Bangladeshis firms to be increasingly dependent on the banking and government sectors for financing. Such a situation limits the ability of these firms to take risks since these sectors tend to be conservative in lending funds. Stock markets and the like, instead, provide a wide range of financing options that more adequately suits the needs of a developing firm.

## Suggested Policy Reforms

Although many reforms have been made which have made it easier for a non-resident Bangladeshi to invest back into Bangladesh — particularly in the banking sector — more needs to be done to help attract investment from non-resident Bangladeshis.

First, if Bangladesh wants to attract money from its non-resident population it must put on a slightly better face when dealing with expatriate Bangladeshis when they return home. That is, have information booths at all the Bangladesh international airports that provide simple information to returning Bangladeshis about their rights, any assistance that is available to them, the types of investments they may be able to make, and probably most importantly how happy Bangladesh is to have them home.

Secondly, it should be fairly easy for the government to set up jointly run companies that cater to the investment needs of expatriate Bangladeshis. In other words, set up investment projects in Bangladesh that actively solicit expatriate

Bangladeshis investment yet at the same time have the projects managed by trained, local Bangladeshis. Such projects that are underwritten by the government would give people overseas another option where to invest their money, and where they could invest their money in a way that optimally benefits them and the country.

Third, although very difficult, Bangladesh must make some effort to alleviate the corruption that is so present in the country. This is a widespread problem that inhibits investment of many types whether it comes from Bangladeshis living abroad or not. How to solve the problem is an age old question. A possible answer, for example, is paying an official more money so that taking bribes is not required. Indeed the fact that it has apparently become part of their accepted salary is the whole problem; corruption has been in place so long that it has become part of the culture in places. The answer to how you change this is probably much more difficult than simply paying the officials more money.

Lastly, although very difficult, reforms need to be made in the Dhaka Stock Exchange which will allow it to be the major capital market that it should be. Despite numerous reports advocating reforms from agencies like the Asian Development Bank and the United Nations Development Programme, the market is still riddled with problems of lower liquidity and under regulation. The new Securities and Exchange Commission should help to make some of these problems vanish while more pressure from the government is needed to hasten these reforms.

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# War Drags on in Eclipsed Afghanistan

No longer a superpower tussle, and overshadowed by other conflicts in the region, the Afghan war drags on unnoticed. **Mushahid Hussain** reports for Inter Press Service from Islamabad.



Inter Press Service

month. The chairman of the Organisation of Islamic Conference (OIC) Hamid al Ghabid was in Islamabad and managed to meet Rabbani in Kabul amidst a barrage of artillery fire.

But neither seems to have any new ideas, and there have predictably been little indication of progress. Afghan-watchers here feel the war has taken on a dangerous ethno-ideological character and is being fanned by regional powers. There are also increasing signs of the conflict being tied up to the two-year-old civil war in neighbouring Tajikistan.

"It looks more and more certain that Afghan peace talks must encompass the Central Asian states, Iran, Pakistan and Saudi Arabia," says one senior Pakistani diplomat.

Perhaps mindful of the dangers of the merging of the Afghan and Tajik conflicts that Mestiri flew on to Tashkent, the Uzbek capital after his visit to Islamabad. Talks in Tehran last week between the Tajik government and rebels failed to reach a ceasefire agreement.

The latest fighting in Kabul erupted just as Rabbani was nearing the end of his 18 month term due to expire on

Hekmatyar is allied with the formerly pro-Soviet Uzbek warlord, Abdul Rashid Dostam, and it was Dostam's frontline troops who were badly mauled in last week's offensive.

Dostam is now regrouping in his stronghold of Mazar-e-Sharif in northern Afghanistan. An ethnic Uzbek, he is believed to be receiving support from Uzbekistan, mainly in the form of spare parts for his Soviet-built helicopters and jets with which he has been bombarding government positions.

Unlike Rabbani, Masoud and Dostam, Hekmatyar is an ethnic Pashtoon from Afghanistan's south-eastern regions. A majority of the five million Afghans who fled the country during the Afghan-Soviet war were Pashtoons. Some have returned, but the exodus had given non-Pashtoons more prominence in Afghan affairs.

Underlying the ethnic and religious differences that have rent the Afghan fabric is a resurgent Pashtoon nationalism that could even bring Hekmatyar to side with former Soviet-backed leader Gen Najibullah who has been hiding in the United Nations compound in Kabul ever since he

was toppled in 1992. Afghan exports says Russian and Central Asian mediation is crucial to a resolution of the Afghan war. As long as Moscow sees an Islamic threat in its 'near abroad' it will be engaged in propping the Tajik government and by extension be involved in Afghanistan.

Other regional powers like Uzbekistan, Pakistan, Iran and Saudi Arabia back their favourite factions within Afghanistan and their security concerns also need to be addressed.

Iran backs the Hizbe Wahdat, Uzbekistan backs Dostam, Saudi Arabia looks after the interests of the Ittehad-e-Islami after it fell out with Hekmatyar's Hizb-e-Islami. And Rabbani accuses Pakistan of backing Hekmatyar. Pakistan and Iran agree that Rabbani should have stepped down on Jun 28, but the Saudis wanted him to stay on since the Ittehad is allied with the president's group.

But Pakistan is not very popular in Kabul these days after it closed its border for refugees fleeing the latest fighting. Earlier this year, the Pakistani embassy in Kabul was ransacked and burnt.

Without a resolution of the Tajik and Afghan wars, Pakistan cannot benefit from being a transit point for Central Asia.

In Afghanistan itself, the hopes for immediate progress in peace talks look dim as the Hekmatyar-Dostam combine try to regain their strategic high ground around Kabul.

## OPINION

### World Bank

The World Bank, which loans some \$23 billion per year to poor countries, is commemorating its 50th anniversary this year. The policies of the Bank — much of whose funding is provided by taxpayers, in the form of contributions from member governments — have often impacted negatively on the poor.

Bank-backed "megaprojects," especially agricultural export schemes and dam building, have wrecked rain-forest regions in Latin America and Asia, and displaced large populations — 20 million people in India alone. Furthermore, irresponsible lending to dictatorial regimes has bolstered unelected governments. Untold billions of dollars in World Bank "development" aid has ended up in the pockets of corrupt Third World elite.

In recent years, Bank President Lewis Preston announced a series of internal reforms. He has also emphasized the importance of projects that target poverty, saying "if we are not helping to reduce poverty, we are not doing our job."

The 50th anniversary of the Bank presents an opportunity for the Bank to dramatically change its policies and "do its job" to effectively reduce poverty. The Bank should stop lending for destructive "megaprojects" and instead do massively increase financing of health, education, and family planning programmes. In addition, the World Bank should

use a large proportion of its funds for small-scale credit directly to the poor, through local community foundations with local citizen groups participating actively on their boards.

What many people don't realize is that the World Bank is not just another bank — it belongs to us, the taxpayers. Much of the capital comes from our pockets. The Board of Governors is made up of national finance ministers whom we, as voters, employ to represent us (at least in the two-thirds of humanity which can vote in free elections). If we don't like the way they spend our money, it's up to us to tell them to spend it differently. If enough of us do so, they'll get the message.

And now there is an opportunity to send that message when it will count. On September 29th and 30th the Bank will hold an official conference, "50 years after Bretton Woods: The Future of the IMF and the World Bank", and from October 4th to 6th the World Bank and the IMF will hold their annual general assembly in Madrid, Spain. Citizens should send a message to their Finance Minister asking that he take leadership as the representative of our nation at these important meetings and call for major Bank reforms.

Mian Akbar Hussein  
Secretary  
Centre for Environment and  
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Dhaka

## To the Editor...

### Murder of Bangabandhu

Sir, On 15th August, 1975, I was only 13 years old and could not protest against the brutal murder of Bangabandhu Sheikh Mujibur Rahman. I am a non-political person and I could never accept such mindless act of killing.

When I read the editorial "The Back Night" in your newspaper of 15th August 1994, I was simply moved. It made me feel proud that there is a newspaper in our country which has the courage to say what is much needed to be said. In fact any with slightest ingredient of civilization should voice out against the killing. I congratulate the editor of The Daily Star for his bold and timely editorial.

A Rahman  
New DOHS, Dhaka

### Ministry of Works and Dhanmondi R/A

Sir, Of late the Works Ministry has served notices on the plot owners of Dhanmondi R/A to stop any kind of non-residential use of their plots even partly, contending that in the 1950's (about 40 years ago) when plots were allotted, it was mentioned in lease clause

that those were for residence only. After a long period of 40 years, it seems, this lease clause has lost its realistic sense, approach and merit in the context of time, changed circumstances, facts and realities. Now Dhanmondi R.A., because of its location, conveniently has turned to be heart of the city. It has naturally and spontaneously grown into a residential-cum-commercial area because of its own merit and site and it is a reality which cannot be denied by any stretch of imagination.

A good number of Govt. and semi-Govt. offices, United Nations' offices, NGO offices, prestigious schools and colleges, banks etc have been gradually housed in Dhanmondi R.A. over the long 40 years without affecting civic peace and environment, rather improving the atmosphere.

Hardly traffic jams are found in D.R.A. because of its wide roads and less crowding. If it is at all to solve traffic jams of Dhaka city sincerely, attention should be given to areas like Gawsia, Chandni Chowk, New Market, Tophkhana, Motijheel, Gulistan, Mouchak, Farmgate etc. where innumerable markets are allowed to grow without planning. This ought to have been checked and commercial zones should have

been allowed to grow in different parts of city for distribution of crowd and traffic load. In this perspective, diversification of commercial areas should be encouraged rather than concentration. And in this context, D.R.A. is already playing a positive beneficial role being partly commercial.

Ministry of Works, after long 40 years, is unnecessarily turning a non-issue into an issue, a non-problem into a problem. The Works Ministry's notice will create huge financial problems including huge unemployment and cessation of economic activities and earning of many families. Because, once so many establishments are wound up, in the process, many of them will ruin and many will not find re-establishment even in remote future.

In the highly developed countries also, there is no such purely residential area in the heart of the city (without any medicine shop, bread shop, flower shop, banks, schools, hospitals/clinics etc.) conforming to the Ministry of Works' utopian concept of a residential area. It is apprehended that certain vested quarters, perhaps, are trying to make our present democratic government unpopular raising this kind of

unproductive, unpleasant and anti-people issues which can only bring harm rather than any real welfare to the society. There are many grave problems needing immediate attention such as unemployment, corruption, law and order, shortage of electricity, drug addiction in our youths and so on.

Our democratic government is expected to invest time, energy and wealth on the basis of merit and priority of the matter rather than allowing this kind of unproductive and meaningless exercises by any Govt. departments.

Imran Hussain  
Dhanmondi R.A, Dhaka

### Doctors

Sir, BMA should not hood-wink the public re-suspension of some Govt. doctors on unauthorised absence from duty, for which casual leave is not admissible.

In general, the doctors sense of duty in public posts is regrettable. In the private sector also, the motto is prompt cash, lax service. There is no sympathy for maimed worshippers.

A Hussain  
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