

Gulf Situation

Russian Foreign Minister Andrei Kozyrev's mission to Baghdad, which aimed at defusing tension in the region, has succeeded in getting a verbal commitment from Saddam Hussein to settle the sovereignty and border issues with Kuwait. In return, the oil embargo on Baghdad has to go. The United States and Great Britain insist that the pledge come 'in print' because they are expressedly wary of Saddam's broken promises.

In what seems to be a scaled down version of its original proposal, the United States now wants Saddam's troops to go back to their pre-October positions in the very least. The first proposal of the US before the UN security council was to declare southern Iraq, bordering Kuwait, as an exclusion zone banning movement of Saddam's troops and heavy armour there. The initial reaction of Britain and France to this proposition was not favourable as they feared this would amount to partitioning Iraq. Then there was the idea that Saddam Hussein might be asked to keep his elite force, the Republican Guard, off-limits in Southern Iraq.

The instance of exclusion zone is cited to underline the fact that perhaps a difference of opinion could be afforded in the matter as Saddam does not pose any serious threat of a repetition of the 1990-style Gulf War. However, there is no denying the fact that his pull-back of troops from the south notwithstanding, which many observers have termed as a confusing 'two-way movement', a crisis situation still lingers in the region.

President Clinton has made it clear to Saddam Hussein that neither the western military presence would be ended nor the sanctions imposed on Iraq be lifted as long as Saddam fails to abide by the UN resolutions. After that much of emotional, political, economic and military investment, the US can hardly settle for anything less than a total compliance by Saddam with "all the resolutions of the United Nations." This means basically two things, namely: that he allows free inspection of his weaponry installations and recognises the sovereignty of Kuwait within the UN-demarcated borders.

On the other hand, the whole point behind Saddam Hussein's movement of troops to the South was not obviously to recapture Kuwait but to draw the world's attention, under highly dramatised conditions, to the UN sanctions that have crippled the economy of the country. Before things boiled over into the present crisis, Russia, France and China had supported easing the sanctions on Iraq. No wonder the Iraqi youths are lining up to be drafted for a war with the west having been chagrined at what they regard to be a massive economic denial — of the oil revenue in particular.

Saddam is playing a calculated game — sequence by sequence — as the west tightens its noose around him with its overwhelming military might. Some Iraqi leaders speaking for Saddam have ruled out recognition of Kuwait's sovereignty and her new borders when they are "besieged and the people are starving." Despite the diametrically opposite positions taken by Iraq and the United States, giving it a look of a catch-22 situation, if there is a start of a dialogue to ease some of the sanctions, the tension would be substantially reduced.

Much of the highly mercurial regional or international climate can be attributed to the still-missing international political order although full three years have passed since the end of the cold war era.

Poisonous Water

Four tubewells in the border area of Chapainawabganj district have reportedly been sealed. The reason is the existence of arsenic in the water of those tubewells. If a litre of water contains .50 micro-gram of arsenic, it is said to be within the tolerable limit. But the water of the sealed tubewells has yielded as much as 1.05 micro-gram of arsenic in a litre. This, needless to say, is a very dangerous level. Some areas in West Bengal — just on the other side of the border — reported the availability of this highly poisonous substance in water in 1991. At that time we on this side of the border did not take the matter so seriously even though as the lower riparian land border areas of both Bangladesh and West Bengal should have been deemed to be equally vulnerable. The arsenic content in water on both sides should not necessarily be an exception.

However the warning came from the press last year and the dilly-dally attitude of the authorities was once again manifest. No prompt step was taken for a the laboratory experiment to find whether the water contained arsenic or not, or if it did, to what extent was it present. Now this new disquieting finding should set the alarm bell ringing. But one never knows. The authority's endemic reluctance to promptly address an emergency situation may once again put the issue in the back-yard. Villagers of the area concerned have known from their long experience that at a time of crisis they have to fend for themselves. So they themselves have taken the initiative to seal the tubewells which were pumping out poisonous water. They are now fetching drinking water from the nearby villages.

This is not a permanent solution to their problem. People of an entire village or villages cannot go on meeting their need for drinking water from some other villages for long. Nor can they be exposed to a health hazard from the type of foul water that was detected in the area. The first requirement is to ascertain how badly affected is the water of the area in question. Once the level of poison and the size of the area have been determined, it would be easier to devise measures to mitigate the sufferings of the people there. If tubewells cannot avoid extracting water free of arsenic from any of the underground level, one solution might be supplying of treated water through pipes from a source outside of the affected zone.

This may prove costly but considering the gravity of the situation, the cost has to be borne. If the people of villages and towns can enjoy the facility — of course at a subsidised rate compared to the expenditure inolved — there is no point depriving the people here, particularly in such a special situation. They may be asked to bear a nominal charge for the maintenance of the facility but have to be given the benefit of piped, hygienic water any way.

THE fact that Bangladesh is locked into a vicious circle of low growth and low investment is now everybody's guess. More disconcerting is, perhaps, the fact that we tend to experience such a pity with an investment-friendly macro-economic stability even unseen in our neighbouring countries. As days pass by, the economy's inability to rise above an investment rate of 12-13% of GDP, against a required 20-20% for high growth rate, continues to haunt policy makers as well as the donors. This does not, however, mean that no efforts are afoot to gear investment up but it means that most of the efforts are being flowed away by the lack of timely interventions. In this brief note, we would like to address two of the most vital determinants of investment e.g. Investment Environment and Investment Finance. In a recent Dialogue hosted by the Centre for Policy Dialogue (CPD), these two issues came up prominently.

**Investment Environment**  
The need for a safe and secure environment could be highlighted as a crucial variable for investment, both domestic and foreign and joint ventures. The whole gamut of investment environment comprises the following important elements: (a) political commitment to enforce the rule of law; (b) an efficient bureaucracy; (c) good and constructive trade union; (d) the fight against corruption and (e) the control of cross border smuggling.

When considered in aggregate or in isolation, it can hardly be argued that Bangladesh has an environment to lure foreign and domestic invest-

Bangladesh: Vying for More Investments

by Abdul Bayes

tors. Establishment of rule of law through separating judiciary from executive, overhauling age old legal status in tune with modern-day business and trade, setting up of politics-neutral law enforcing agencies etc are yet to take shape in Bangladesh. At present criminals escape punishment believably with protection from politicians, campus violence is unthinkably high and property rights are hardly assured. Two of the most important ingredients of a market-led economy viz. rule of law and property rights, are seriously lacking in this country. Without earnest and serious effort at setting them right, the hope of increased investment may remain a forlorn one.

Bureaucracy is another weevil that tends to deter the flow of investment. While some progress is in evidence in terms of minimizing bureaucratic controls via de-regulation and liberalization, the investors still are chased by the spectre of alleged bureaucratic highhandedness. Given the nascent stage of Bangladesh's democracy and its associated virtues like accountability and transparency a vibrant and productive bureaucracy is yet to appear. Needless to mention, political stalemate of an order experienced so far, should water bureaucrats' manoeuvring capacity. Hence the imperatives lie in taking things to the Parliament, activating the Parliamentary Standing Committees and thus ensuring transparency.

Investment is also induced

by good and constructive trade union. However, recent studies seem to weigh this factor not as seriously as others like infrastructural bottlenecks. Many began to term labour problem as a 'myth' and the electricity problem as a 'reality'. Given this phenomenon, our policy makers should not over emphasize labour constraint and under emphasize other problems. However, delinking political parties with trade union movements should be conducive to further investment in the country.

A foreigner visiting Bangladesh is reported to have said that Bangladesh is a country of too many people and too much corruption. While the existence of much alleged corruption could be a matter of debate, there should be no doubt that investment is, to a greater degree, constrained by corrupt practices of our public services. Be it in customs, line ministries, banks or elsewhere, the alleged demand for extra pie tend to discourage investors by raising the initial capital cost. Petty government and bank officials are reported to own such houses, in Dhaka as considered to remain beyond their pecuniary capacities. Although newspaper reports highlight some of these, very few is learnt to have paid a price for such activities. It is, however, expected that the faster the pace of reform, the lesser is likely to be the extent of corruption. Control breeds corruption and hence de-regulation and de-controls should contain the vice so rampant in

the society. The faster pace of liberalisation is also likely to contain smuggling that tends to threaten domestic industry. Bangladesh thus needs to uphold an investment-friendly environment to pick up the investment rate. For this to happen, constructive collaboration between government, trade unions, law-enforcing agencies and entrepreneurs is crucial. Given the political commitment, all of these anti-investment factors should fade away within the shortest span of time.

Investment Finance

Investment finance is another major area of concern relating to investment in Bangladesh. It is generally agreed that (a) investment has been falling (or stagnating) even though savings has been showing an upward trend over the recent period; (b) a lack of investment demand tends to cause banks to sit on the heaps of liquidity, in fact, Bangladesh never in its history, experienced a situation where the supply of loanable funds surpassed the demand for loanable funds. More so, the recent financial sector reform process with its de-regulation of interest rates and classification of loans could hardly make a dent to the impasse and (c) it is being argued that these is substantial demand-side sickness in the economy.

The existing banking system is not considered capable of handling and managing long-term credit. The situation is further exacerbated by the presence of an underdevel-

oped capital market. With the demise of DFIs as the main source of fuel for industrial growth, commercial banks as a substitute, have been entrusted with both long-term investment and working capital. But they failed to show up any promise. A very small fraction of the total loan is accounted for by the long term investment of which 90% is to export oriented industries. The prospective investors acutely feel the absence of specialised agencies in this regard.

It should be appreciated that much of the loanable funds for investment in other countries (both DCs and LDCs) do in fact originate from outside the bank or specialised institutional corridors. The development of capital market that includes share market and others, should be the major focus. So far the predominant source of investment in the securities market has been the government securities. Securities issued by well-established corporate groups are yet to earn confidence of the buyers. Thus the extent of market capitalisation still remained insignificant at \$290 million which is far below the level in Pakistan, \$7 billion and Sri Lanka \$2 billion. The promotion and development of the securities market should constitute an important agenda relating to vying for more investment in Bangladesh. To arrive at that stage, a few steps are necessary to be taken care of:

(a) the recently established Securities and Exchange Com-

mission should be strengthened;  
(b) tax incentives should be provided deference in tax incentive between quoted and non-quoted companies should be brought up from the present 5% to 15% and percentage of sold by publicly quoted companies brought down from 50% to 20%;  
(c) amount of dividend payments subject to tax exemption should be brought down from 30,000 to 15,000 taka (at present there is no capital gains tax on public limited companies);  
(d) More and more companies should be encouraged to go public.

To ensure the safety of bank loans, the monitoring mechanism of bank loans needs to be upgraded. These should be tagged some accountability of bank personnel with the loan disbursed. To encourage new investors, special measures should be worked out so that genuine investors can be ensured with liquidity even when such investors fail to show collateral. However, one needs to be cautious in reducing the debt-equity ratio since this phenomenon is alleged to have led to large default in the DFIs.

While the stage is set for more investments in terms of macro-stability, the shyness among investors needs to be given a patient consideration. It is not merely by macro stability alone that investors would flock to Bangladesh. The crucial elements should be adequately addressed. And investment finance an investment environment are two of the most important agenda to further investment flow to Bangladesh. The sooner we do this, the better.

Germans Take A Long Look into Their Communist Past

Petar Hadji-Ristic writes from Berlin

THE middle-aged man scanned page after page of a thick file of papers, searching speedily for something significant. Across the room a dozen or so others were, like him, leafing through papers fastened together by seals in apparently identical brown folders.

The man broke off only to look up in annoyance when ever a fellow reader shouted: "The Pigs!"

"I'm here for the sake of my conscience," he explained as he stepped out of the reading room of the Stasi headquarters, the former East German spy organisation. Though willing to talk, he insisted that his name should not be used because he was suffering from AIDS and still hoped to find work.

"I have to assure myself that I did put up some kind of opposition on what was really a country of spies. They (the East German communists) had the monopoly of power, but I fought them consciously with my own weapon — powerlessness. This is really a unique opportunity. It's the first time in history that any people can read the files collected about them by a secret service."

But exercising his right to read his Stasi records — a right guaranteed by a federal law rushed in immediately after the reunification of East and West Germany in 1991 — was a battle. Berlin's gay press championed his case because of his illness and he jumped the queue of nearly two million outstanding requests.

Families seeking an explanation for the mysterious disappearances or deaths of their relations are the first served, then the aged and those who were imprisoned for their op-

Carlos the Jackal, the Lockerbie bombing and now the smuggling of plutonium from the former Soviet Union. Whatever the scandals, Stasi, the now disbanded East German Ministry for State Security, is almost inevitably mentioned. The Germans in their re-united country have the right to inspect the 'Stasi' files — and, they have formed the longest queue in Europe to do so.

I spy with my big eye  
The world's top intelligence agencies:  
● US: Central Intelligence Agency  
● Russia: Spetsnaz Vnesvonne Razvedki  
● Britain: MI6  
● France: Direction Generale de la Securite Exterieur  
● Germany: Bundesnachrichten Dienst  
● Japan: Information Analysis, Research and Planning Bureau  
● Israel: Central Institute for Intelligence and Special Duties  
● China: Military Intelligence Department

position to the regime are allowed in to inspect their records.

One such case was a journalist, now 90 years old. No one among the staff, most from the east, who have replaced the 97,000 people on the permanent Stasi pay-roll, seemed to have heard of him.

But amidst the 180 kilometres of Stasi files, 100 volumes were found stamped with his name. They would require another lifetime to read. Packed with reports from agents and informers about telephone taps and intercepted letter, the files spanned his entire career since the communists came to power.

"There was enough material to fill a truck," says Monika Opitz. She is one of 3,400 people in the building who study the records before passing them over to the victim whose name is on the cover.

She puts paper over anything which may refer to or embarrass another person; a file might also contain a note about a wife's extra-marital affair or a record of an eavesdropper on a friend.

Names of spies are also blanked out. And the identity of unofficial agents are hidden behind their Stasi code name. Not everyone who eventually gets to read their Stasi file come away satisfied. Nor does everyone who applies actually have a file. The Stasi spied on most of the 16 million East Germans, but not everyone.

And some files, like virtually all those from the foreign espionage section which had links with international terrorists, were destroyed. The huge shredding machine in the basement of the HQ was working day and night for 10 months before the whistle was finally blown, according to

Opitz. "There are also those who do not find what they are seeking. I was one," she says. But is still for most a liberating experience, a setting aside of the past. Opitz says, "They say to me: 'I want to read my file to be free.'"

But this may not be the only reason people are lining up to read their files.

A year before the fall of the Berlin Wall in 1989, Jens Kronberg, now a successful 32-year-old head-hunter, was stripped of his East German citizenship. After spending six months in prison for running an ecology group and being a contact between the church and dissidents in Leipzig, he was given the stark choice: either quite the country or spend the next 10 years in jail.

Today after reading his Stasi file, Kronberg is seeking the names of the people who filed the reports on him. "I think every third or fourth person in my group was a spy. What they wrote was very exact, very detailed and very good," he says with a laugh.

When he has the names of those who spied on him and helped send him to prison, he intends to take action — though he is still unclear precisely what that will be. "I have no concrete plan. Perhaps I will talk to them first and ask them why they did it. What I want them to say is: 'It was a terrible thing I did, forgive me!'"

Then everything will be all right and forgotten."

He doubts whether they will say sorry and so is considering publicising their names. "These people have high positions today. And they own Mercedes and villas. Through my work, now I have a great deal of influence and I think I could shame them."

In Germany, debates continue over whether the Stasi files should remain open. Chancellor Helmut Kohl recently suggested they should be closed because of the bad odour they were spreading across the land. Others have even suggested they be burned — something even the communists never risked.

Kronberg believes that those who favour closing the files have something to hide. And they are trying to negate the struggle of all those who made communism unworkable.

"I think there is a strong connection between influential people in the East and the West. I have the feeling the German state today hides a great deal because many of the

politicians of old Germany had contacts with the East. They do not want this to come to light just to protect themselves. I don't think we know what really happened. We were just marionettes," Kronberg adds bitterly, echoing the views of others who think that Kohl hijacked their revolution. And they wonder whether the Stasi actually played a role in handing over power after realising communism had failed.

Whatever Kohl's view he is not likely to get his way. The history of a dictatorship cannot be ended with the extortion: keep smiling," wrote the influential *Sueddeutsche Zeitung*. "The Stasi files must remain open."

And the staff in the vast complex housing the files in Berlin are paying no attention to those who would put them out of job. Renovations continue with old electrical wiring being ripped out and fireproof steel doors being installed to protect the files.

There is a sense that no force could destroy these files. Together with those of the Central Committee of the East German Communist Party, for which Stasi served as "a sword and shield," they are for future generations, the unique archive of communism.

— 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.

"Varendra ..."

Sir, I have come across a letter written by Shamima Ahmed in The Daily Star of 7 October on my article "Varendra: Our First Museum." This is my turn to express shock at the allegation made as to the article being a compilation from another written by Mokhesur Rahman in the Varendra Research Museum Journal. I had absolutely no previous knowledge of such an article. In fact, after reading the letter in question, I had to borrow it from acquaintance to read it.

While one may find some similarities only in fact, I must say that this is not because I have used Mokhesur Rahman's article but because we both may have used the same primary sources, which include, among others, the Annual Reports of the Varendra Research Museum and the Archaeological Survey of India.

I have also consulted a number of secondary sources. As the newspaper articles generally do not require any information on sources, I did not mention my sources of information in

the article. I hope my explanation will clear the misunderstanding and misgivings regarding this article. Please note that similarity in factual information is neither deliberate nor unusual. I would also like to take this opportunity to indicate that this sort of unwarranted accusations bring unnecessary harassment and discomfort to the author.

Hosne Ara Motahar  
Kalabagan, Dhaka.

For efficient postal service

Sir, I feel the present style of writing address on letters to be delivered by the Postal Deptt necessitates rationalisation. While writing address on letters, we first of all write the name of the addressee and then we write the name of road or flat number etc, and last of all, we write the name of the post office or the country. If we reverse the whole style, the sorting and delivery of letters will be easier and thus efficient.

So, we may first of all write

the name of the post office of the country and then write road no or flat number etc and last of all, the name of the addressee. It may be noted that the name of addressee is of least importance, primarily, to a postman, for efficient service.

Dewan Ahmed Kabir  
98 A, Lake Circus, Kalabagan, Dhaka.

Untimely death of a doctor

Sir, I noted with deep shock, the news of the untimely and tragic end of life of a newly married doctor, Md Shahabuddin Ahmed Chowdhury, at Cox's Bazar sea-beach, as reported in The Daily Star, in its 10.10.94 issue. The newly married couple had gone to the Cox's Bazar on their honeymoon trip after only nine days of their marriage. They were happily walking and swimming in the early morning, enjoying the sun rise on the sea. All on a sudden, the cruel low tide of the sea-water took away the precious life of the ill-fated doctor. Md Shahabuddin Ahmed Chowdhury, leaving behind his newly married wife, as a widow — what a tragedy it is!

On hearing such tragic news, through your paper, we can't help but to extend our profound sympathy to the unfortunate widow, Shirin Akhtar

Dilruba, and other members of the bereaved family.

But the question is, why such tragic incidents should happen, from time to time, in the only beach resort centre of the country? I strongly feel, the concerned authorities and the government should think over it, and take immediate protective measures against such accidents in the sea-beach, while the tourists swim in the sea.

M A Lals  
East Rajabazar  
Green Road, Dhaka

Can we hope?

Sir, The much talked about dialogue, under the auspices of Commonwealth secretariat is going to commence soon. Can we, the common people, expect our leaders to rise to the occasion and show to the visiting mediators that people of this poor country are rational and know what is good for their future? Or we continue to be quarrelling illiterate hordes? Is it possible to find an acceptable solution within the following framework?

- A) Judiciary becomes independent of executive branch.
- B) Election Commission is handed over to judiciary.
- C) Electronic media is freed from party/government control.
- D) The elected government completes the term.

A reader.

OPINION

Discard Politics?

A Middle-class Citizen

IT is time for the middle class to come to the rescue of the country — politics having failed, time and again, to deliver the goods, and take the country forward. I am reacting to the frustration — so well expressed by a professor (The Daily Star, September 15) on the continued immaturity of our political leadership and their total inability to run the country in a sane manner.

When the various systems of political administrations had apparently failed after half a century of bickering, there is no point in talking about political parties. We have spoiled them and made them rather autocratic. Some are treating the voters almost like bonded labour. It is time to rise against the political leaders if they do not heed calls in public interest, which the people will define, and not the parties.

Now and then we see some genuine effort and some sincerity, but it does not last long enough to have long-lasting effect. For more than two decades, the amateurish governance, with experiments galore, have failed to provide a lasting and tested model, and we are at our wit's end what other options are left to try out. Basic research on governance is not possible in the developing societies: there is neither the time nor the patience, not to speak of financial ability and the level of discipline required. The situation is made more complex by the reality that Bengalees are apparently incapable of arriving at a consensus on anything, publicly or privately.

In frustration, coupled with a false sense of over-confidence, mixed with genuine

aspiration, martial rules have been tried in many countries, but without any permanency. Longer autocratic rule corseted the waist of the fatted society, raised on the "political" farm of the junta. This belt of convenience had to come apart one day. We, the guinea pigs, are than tried with new formulas. The universe was created in seven days, according to the books, but our country is still in the making.

Ruling a country is a professional job, and cannot be undertaken in an ad hoc manner, even with the greatest of goodwill. The leadership need several decades of experience, but without the right type of goodwill, the channels choke up and the garbage stinks.

If another revolution is required (we seem to be addicted to andolans) then it has to come from the younger generation, who do not have to be hot-blooded, and ruthless against those who do not care for the universal truths. But the problem is that a society consisting mainly of the haves cannot rule nor resist temptations. Therefore, unity of purpose is a paramount condition for stability and advancement. This consensus on the basic goals of the country has to be enforced through public opinion. Time and tide will not wait for the country's wayward political leaders. It is time to defy the politicians who lead the masses to the wrong path. The Bengali middle-class has always been in the forefront of all the revolutionary changes that have taken place in the sub-continent. They have never made mistakes.