

Nepal's Election

When practically the whole world is going the other way, it is no mean feat for the Nepalese leftists to score an electoral victory. As of late evening yesterday, they have gained 82 seats out of the 163 whose results have been announced. But in this success of the NCP-UML (Nepali Communist Party and United Marxist and Leninist Party) combine, the incumbent ruling party, the Nepali Congress (NC), contributed greatly through its mis-governance, intra-party rivalry, and of course, nepotism of the Koirala government. Coming to power in 1991, after 30 years of monarchy, the NC rode on a pro-democracy wave that was sweeping the world, and also the subcontinent. But as it often happens, democracy wave is accompanied with a rising expectation wave, which when unfulfilled, leads to sudden drop in public acceptability, and consequent rejection by the population. The NC was meted out that fate.

What happened during the tenure of the NC to cause such an electoral disaster? First, the newly elected government did not really undertake any fundamental reforms that the people wanted, and expected, them to. The NC's biggest mistake was to let the economy slide. Second, while the rest of the region was opening up their economies in a hurry, the Congress government continued their India centred economic policy with all its constraining effects. Third, from the very outset the Congress government appeared too subservient to the Indian interests and too shy in pushing forward Nepal's links with the rest of the world, especially with the region. Koirala government's biggest handicap was its inability to decide on economic policies that would help the nascent Nepalese entrepreneurial class to grow. But here the stranglehold of the Indian business community on the Nepalese economy proved to be too formidable a challenge.

As for the meaning of choosing the communists, we do not think it to be a verdict against democracy as a system, but a verdict against the government. It will be a great mistake if the NPC-UML combine take their election victory as a sign of something else. As for the new government, it must realise that people are hungry for economic reforms. They want a corruption free, effective government which will, even if slightly, change their lot. We wish the new leadership of Nepal all the success.

How to Handle Potka Fish

Only last week Sarala, a girl child of 8, died in their Gopibagh residence after taking a meal containing the Potka delicacy, her two young brothers, aged only 11 and 7, were also very close to dying from the same food. Potka dish casualties are quite common and news of such gastronomic tragedy pop up in the press every now and then. It is strange that neither any government agency nor the press in general have thought it necessary to disseminate knowledge about this regular killer so that those unnecessary deaths could be stopped.

There are millions in this country who love a Potka dish to distraction. But this is no delicacy you can taste every week of the year. The fish is a real rarity. An elderly person may have the memory of its matchless taste and the rest in his or her family might never had the chance of eating it ever. The Potka is nothing if not almost wholly a phial of poison. Those who had been fancying it over centuries in Bangladesh, knew how to process it and prepare it for the palate. That knowledge and art is gone with the myriad pieces of our social knowledge and skill that is being lost every day of the year. The Potka is a study in socio-cultural decay that has been taking a toll of our society for the best part of a century. Many coming to Dhaka to work as labour hands bemoan the loss of their favourite dish which they have left behind in their mothers and grandmas in the Gopalganj or Patuakhali rural fastnesses. The young women that have come their way to start a family had not had a life that had in it the initiation into the Potka mysteries.

The press can indeed make people beware of the Potka danger in a big way, if it cannot indeed educate the society in the secrets of Potka preparation. The government owes it to people to mount an effective campaign on Potka. Each Potka casualty testifies to the callousness of government in even what involves a question of life and death to the people.

Of Political and Sartorial Change

It is a mystery why *Bangali kurta* is called by the Bengalees themselves as *punjabi*. And this *punjabi* has historically been the sartorial mainstay of Bengalee teachers and intellectuals and men of culture. And of politicians and their activist cadre. In the villages what does a peasant or a weaver do when needed to put on his holiday best? He pulls out a crumpled *punjabi* from within a *handi* hanging from a *sika*. And when that most unlikely team A.K Fazlul Huq, Moulana Bhasani and Huseyn Shaheed Suhrawardy formed into a trio and routed Muslim League, the founding fathers of Pakistan, in 1954, what a grand sight Huseyn Shaheed made in his *punjabi*! This was a political uniform for him.

The communists and fellow travellers took over this sartorial culture from Congress together with the latter's penchant for populist politics. And Suranjit Sengupta, perhaps one of the most colourful and competent parliamentarians of our time, got to his *punjabi* both by way of culture and politics. But he possibly stopped short at throwing a *khaddar chadar* over his shoulders when winter. He rather went for a smallish jacket — or coat. On a recent tour of speeches with his leader Sheikh Hasina, he repeated his success in enchanting the masses at Bogra. Next morning when Hasina was meeting local press, Suranjit came up to join but sporting a very strikingly different dress. His *punjabi* was there to be sure but it was topped by a *Mujib Coat*, immaculately black and befitting. Sengupta's conversion was now complete.

Does Sengupta's change in dress preferences signify a change in political culture or even something more than that? Leftism in Bangladesh had one inseparable streak — a propensity to reduce itself to closed circuit circles of in-breeding holier-than-thous. And all the while there were political developments addressing and involving people at large. Is the sartorial change indicative of an effort to extricate oneself from the former in expectation of being involved in the latter? If yes, good luck all the way.

In the Package of Policy Reforms that is likely to be in evidence on way towards a full-throat market economy, currency convertibility seems to assume new significance and interest to policy makers as well as politicians. With the evolving international monetary system, the meaning of convertibility has also changed over time. Before the 1930s, convertibility was generally defined as the right to convert a currency freely into gold at a fixed exchange rate. Today, a currency can be regarded as fully convertible when any holder is free to convert it at market exchange rates... fixed or flexible... into one of the international reserve currencies. Such convertibility may apply both for the Current Account (CA) as well as the Capital Account (CAPA).

CA Convertibility (CAC)

Economists generally feel that CAC offers some direct positive benefits. To them a new degree of freedom into the economy — mostly of an inward looking variety — is injected through establishing CAC within an environment of liberal trade regulations. In a world of no bans on imports, CAC is argued to provide individuals with a much greater choice of consumption items by simplifying and expanding the windows of opportunities to purchase foreign goods and services with foreign exchange available at relatively lesser transaction costs. In the short-run, this phenomenon is assumed to lead to significant increase in consumption and consumer satisfaction, especially when the domestic industries fail to satisfy consumer demand. From the producers' point of view, CAC

Currency Convertibility: Why and When?

by Abdul Bayes

Historically countries with uncompetitive industries and foreign exchange shortages have generally sought to restrict the convertibility of their currencies or to maintain other forms of import restrictions rather than to rely on a heavily depreciated exchange rate for attaining a sustainable current account position.

should enable them to have quick and easy access to cheaper imported inputs.

Besides, the above direct benefits, CAC also tends to provide some more important indirect benefits. For example, CAC attempts to provide competitive environment (and hence to uphold comparative advantage) in domestic production and investment. How? It can help create such an environment by exposing domestic producers to outside world and thus loading them with knowledge about relative prices for different commodities prevailing in the world market. However, it should be borne in mind that the degree of such competitive exposure depends not on CAC alone but also on the prevailing trade regimes. A competitive environment thus offered, enables producers to use resources efficiently thereby freeing resources for additional output. It also reduces the market power of monopolies and oligopolies which have been common features in many centrally planned economies.

In the long-run, the case for CAC is furthered by its contribution to promote innovation and quality improvements in domestic industries. To stay in the market amidst the influx of cheaper foreign commodities and services, enterprises are likely to shift to new technologies, adjust product lines and styles. By and large,

greater competition induced by CAC helps domestic firms graduate from high cost to low cost production devices via exploiting scarce resources in optimum fashions.

But CAC is likely to be prone to certain risks also. For example, substantial idle capacity and unemployment might result in the short-run if products of domestic industries are being totally substituted by a flood of relatively cheaper foreign goods and services (an argument usually put forth against import liberalization). Alternatively, substantial reductions in real wages (after adjustment for exchange rate changes) are said to be required to keep domestic producers competitive, particularly if the quality of domestic goods and services are much inferior than foreign ones. In either case, the purchasing power of domestic consumers can be substantially reduced. Many would like to argue that in such a risky situation, exchange rate could be sufficiently depreciated to make imports more expensive including imports of essential intermediate and capital goods. But that could bias production and technology decisions against what is deemed efficient over the medium term. This is 'Why historically countries, with uncompetitive industries and foreign exchange shortages have gener-

ally sought to restrict the convertibility of their currencies or to maintain other forms of import restrictions rather than to rely on a heavily depreciated exchange rate for attaining a sustainable current account position.'

The CAPAC

One of the main objectives of capital and investment shy developing countries including Bangladesh is to attract foreign capital and other productive resources. In the face of declining prospects for official assistance, the importance of private inflows is increasingly being felt. It is argued that the introduction of the Capital Account Convertibility (CAPAC) — or at least convertibility for certain types of capital flows — can help attract resources from abroad. However, it would be naive to assume that CAPAC could be sufficient to do the job entirely. The willingness of foreigners to move capital into a country depends, among a host of other factors, on whether interest, after-tax profits and initial capital investments, can be repatriated with ease. However, the effectiveness of convertibility in attracting private inflows will depend crucially on the country's economic and legal environment, both currently and prospectively. Whenever policy makers talk about CAPAC, they should make sure that

they had taken care of the following: appropriate and credible economic environment, legal system, the nature of investment code quality of physical and human capital etc. Without addressing them, CAPAC could be counterproductive and inimical to economic growth.

Critics of CAPAC usually argue that 'CAPAC involves mainly the risk of capital flight and greater volatility in exchange rates, external reserves or interest rates'. A sudden outflow of savings following CAPAC might reduce resources for domestic investments particularly when the reform process has not progressed sufficiently to dampen uncertainties about macro-economic stability and the competitiveness of domestic industries'. A no confidence on the staying power of reforms might unnerve economic actors and thus exert pressure on the Forex reserve positions. That is why, perhaps, countries like Bangladesh, India and some others are yet to take up CAPAC despite the fact that CAC is already on the floor. But one should also take note of the fact that 'restrictions on external capital transfers have become increasingly difficult to enforce as advances in information and transaction technologies have increased the integration of the world capital markets'. This is why much of capital flight could be

observed even in the absence of CAPAC.

Conditional Success

The success of the implementation of CAC depends among other things, on: (i) an appropriate exchange rate; (ii) an adequate level of international reserves; (iii) sound macro-economic policies and (iv) incentives for economic agents to respond to market prices free of major distortions. The first three are regarded as necessary to ensure that the introduction of CAC does not generate macro-economic instability while the fourth is required to see that CAC delivers the intended benefits. It is argued that unless domestic producers and households are responsive to price changes in a distortion free market, elimination of exchange and trade restrictions may not yield the dividends.

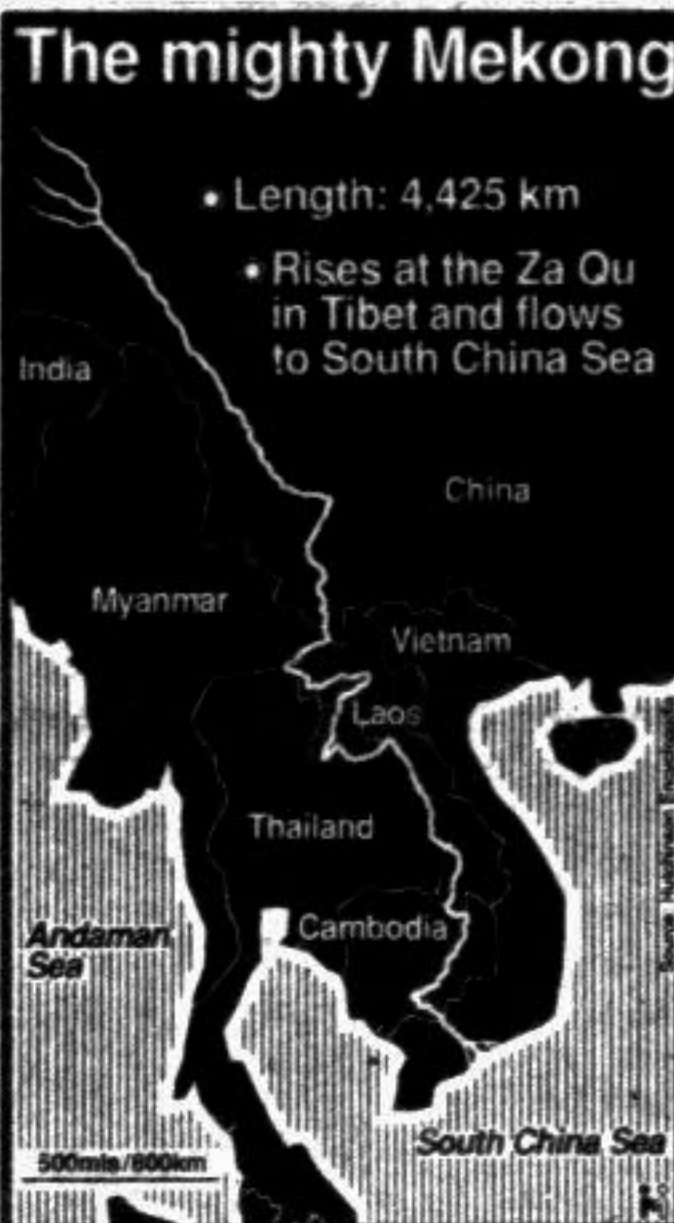
Bangladesh Scenario

In line with the provisions of IMF Articles, Bangladesh opted for CAC and at the moment, with some limitations, the current account appears fully convertible. This is quite in consonance with the requirements that a relatively sound macro-economic environment persists at present and we also have an adequate level of reserves. But to expect CAC to deliver the intended benefits an appropriate exchange rate and incentives at the micro level should exist. Unfortunately, both of these factors are yet to be workable. On the other hand, the time for the CAPAC does not appear ripe yet. It is simply because the reforms are yet to be faster and more credible to those who would make investment in Bangladesh and secondly, the legal system and political situation seem rather unfriendly.

River Pact Aims to Turn Battlefields into Ricefields

Satyanarayan Sivaraman writes from Bangkok

With China's President Jiang Zemin visiting four Asian countries as part of what his country's media has described as "a new diplomatic drive," countries along the Mekong are hoping that a new spirit from Beijing will wash over them and enable agreement to be finalised on the sharing of the river's waters.



The mighty Mekong
• Length: 4,425 km
• Rises at the Za Ou in Tibet and flows to South China Sea
• Countries: China, Laos, Cambodia, Vietnam, Myanmar, Thailand

AFTER 37 years, four Southeast Asian countries — Thailand, Laos, Cambodia and Vietnam — finally appear close to an agreement for sharing the resources of the mighty Mekong river.

The talks has followed as tortuous and long-winding a path as the river itself, having been interrupted by the Vietnam War, the coming to power of the Khmer Rouge in Cambodia and changing priorities of the region's governments.

Hopes are high as officials from the four lower Mekong basin nations hammer out the last remaining points of difference on the draft agreement outlining the principles for using the river waters.

They are much closer to agreement on the draft than ever before and we hope that in the next month or two we should be able to show encouraging progress," said Ramanaathan Narayanan, head of the regional office of the United Nations Development Programme (UNDP), which is the facilitator for the regional office of the United Nations Development Programme (UNDP), which is the facilitator for the talks.

The main obstacle stalling talks in recent years was Thailand's claim that it had the right to utilise Mekong water flowing within its territory. Laos, Cambodia and Vietnam strongly objected to the Thai

position, pointing out that any unilateral decision on use of water resources may affect their interests.

Under an agreement reached in 1975 by the four countries, they were obliged to inform and obtain prior consent from other members before undertaking any planned project on the Mekong.

But with the disbanding of the Mekong committee later that year following the communist victories in Indochina and the formation of a new 'Interim Mekong Committee' in 1978 without Cambodian participation, Thailand has been refusing to stand by the earlier agreement.

In 1992 the committees nearly broke up after Thai officials threatened to pull out following Vietnamese objections to Bangkok's decision to divert waters from a Mekong tributary in order to irrigate its drought-hit north-east region. A rapprochement between the two countries was finally brought about through the intervention of UNDP, which warned that donor countries would stop financing all future projects on the Mekong if the squabble continued. Since then Vietnam, too, has softened its stand on the issue of reviving the 1975 agreement.

The new draft agreement stipulates that upstream Mekong countries are no longer required to obtain the permis-

sion of lower Mekong nations to initiate projects, but only to 'achieve consensus' before starting work.

A major reason that sharing Mekong waters is so contentious is the enormous economic significance of the river, which is a lifeline to more than 50 million people living along its banks and in its delta.

According to an estimate prepared in 1970 by the Mekong committee, a cascade of seven dams on the river utilising just 29 per cent of the Mekong's annual discharge could generate over 23,000 megawatts of power and irrigate 4.3 million hectares of new ricefields.

The combined demand for power of the four lower Mekong countries is expected to reach 20,000 megawatts by the year 2000.

For each of the individual Mekong countries, utilising the river's resources is crucial for further economic growth.

Thailand and Vietnam need the river waters for irrigation and meeting rapidly growing drinking and industrial water requirements.

For Laos, which has nearly 50 per cent of the Mekong's total hydro-electric power potential, the major interest is in developing power projects, while for Cambodia the river water is essential for its fisheries industry.

One other issue that the new agreement is expected to tackle is laying down rules for inclusion of upper Mekong basin countries such as Burma and China into the Mekong committee, China's entry, in particular, is of significance to all the other Mekong nations, as it is the source of the river, so all its actions have great bearing on the others.

Chinese authorities have unilaterally gone ahead with the construction of the 1,250-megawatt Manwan Dam in

Yunnan and have plans to build 15 more dams on the Mekong. Lower Mekong nations are anxious to enter into negotiations with China in a multilateral forum before it does more damage to the natural flow of the river.

China's willingness to enter into an agreement with Laos, Myanmar and Thailand on utilising the river system for navigation purposes has given hope to the downstream countries.

An accord signed in October will, for the first time, allow two-way navigation of boats up to 100 tonnes on the 755-kilometre stretch between Yunnan's Jinghong port and the Laotian port of Ban Houei Sai.

Says a Thai observer: "It was war in the region that prevented the Mekong from being used to its full potential. Now disagreements over how to use the river should not become the source of future conflict."

The new agreement is expected to bely such apprehensions and further the process of turning the battlefields into lush, green fields of rice. — GEMINI NEWS SATYANARAYAN SIVARAMAN is an Indian journalist based in Bangkok.

To the Editor...

Identity cards for voters

Sir, During the recent weeks all the dailies including The Daily Star were agog with news about the position and opposition demands for interim and caretaker government. Sir Ninian was and still shuttling from one office to another trying to reach a settlement. While we are all watching the development that will perhaps shape the destiny of our people, I just cannot but think of the issue of providing identity cards to our voters.

This point should have been included as one of the major demands from either side. I am positive, like everyone else, the issuance of such a card will dispel and settle the much publicised stand of some of the parties involved in the dialogue, about false voting and vote rigging.

It will also usher in a wave of vital informations about our populace making the planning and execution of policies for the country easier and more worthwhile. We have seen quite a few complaints during the last mayoral election about non-inclusion on the voters' list of some genuine voters. I, for one, has found my name in two constituencies of the country — a native village list and urban dwelling list. This has definitely contributed in proving that the number of eligible voters in the country has been distorted, may be unintentionally. Having identified each voter and providing an individual identity number will, I am sure, produce a list of votes that will be reliable and useful. Besides, I somehow do not believe that Bangladesh has today a population of about 12 crore. I believe the population to be much less. This may be proved by arranging/rearranging the ques-

tions/information while proceeding with the delivery of the identity cards to the voters.

I know that the arrangement, survey, processing, printing and issuing of the cards will be very expensive.

But the expense on this score will certainly contribute to the country's stability and development. I am sure our government will be in a position to foot this bill at least substantially. Balance may be obtained through a loan or grant from the World Bank/Asian Development Bank or even from a donor country.

I firmly believe that for the sake of an all-round development of the country and its people, this vital step should be taken up by all of us in right earnest.

ANAH Siddiqui, FCA
Dhaka

Baridhara J-Block

Sir, DIT (now re-christened RAJUK) allowed me a plot of land in 1986 in the J Block of Baridhara. It is several years now that I have completed the installment payment. From time to time I tried to know the time schedule of giving me the possession of land. I was given the impression that there being some problem efforts were made to solve the same.

Sometime in 1992 the hon'ble works minister promised in the parliament that the plots of Baridhara J-Block would be handed over in the first part of 1993. But till today nothing has transpired.

Again this year I saw some news item that one sub-committee and the Petition Committee of the parliament urged the relevant authorities to expedite the implementation of

J-Block. All such reports fill my heart with renewed hope. Another one in the early September disclosed that a meeting of the Petition Committee asked the RAJUK to hand over the plots within a specified time frame. RAJUK was represented in that meeting of the Committee, according to the press reports.

Now-a-days we are repeatedly reminded that Parliament is the centre of all our national activities. Hence I hope that the involvement of this august body would see the end of my years of frustration.

Very recently I had an occasion to go to the Baridhara area and found no trace of activity anywhere around. I have no idea where J-Block is (except that alphabetically it should be adjacent to K). I do not know of any progress and I have not received any communication from RAJUK all these years. I request any knowledgeable source within your readership to let me know, through these columns, if they have any information in this matter.

An allottee

An appreciation

Sir, As an avid reader of The Daily Star, I congratulate you on your bringing out the new page — 'Law and our Rights'. The first issue is excellent. Your latest effort sets you one step more apart from other national dailies. The article on child labour, in particular, is well thought-out, and timely. The writer, to me, has already made her mark in your 'Dhaka Day by Day' by her beautiful prose style and humour.

Please keep up the standard.

Shafique Ahmed
Dhaka

OPINION

Sir Ninian's Mission

Abdur Razzak

Finally Sir Ninian Stephen has assumed the role of Sir Stafford Cripps.

Fifty two years ago, in 1942, shortly after Japan struck at Pearl Harbor, Sir Stafford Cripps, Lord Privy Seal and Leader of the House of Commons, came as a representative of the British War Cabinet headed by Prime Minister Winston Churchill. His mission, popularly known as Cripps Mission — during the height of the Second World War, when Singapore and Rangoon had fallen to the Japanese and India was threatened — was yet to find a Constitutional solution to the complicated question of Indian independence made more complicated by the conflicting demands of the Indian National Congress and the All India Muslim League.

Cripps, although assisted by Lord Linlithgow, the Viceroy, and Colonel Louis Johnson, a personal representative of President Roosevelt, failed because both the Congress and the League rejected his offer. In 1946 the Cabinet Mission, of which Sir Stafford Cripps was also a member, failed because Jawaharlal Nehru torpedoed it. But the Cripps Mission and the Cabinet Mission arrived in totally different historical circumstances: India was a part of the British Empire and ruled from Westminster and it was quite natural for the imperial government to send out its emissaries to solve the problems of the colony.

Now the situation is not what it was then. Bangladesh is a sovereign country with an elected government run by mature and competent people. This is why many people find it difficult to accept the mediation of Sir Ninian in good grace.

The involvement of foreign negotiators in solving the domestic political problems of a country in peace time is perhaps unprecedented. In Bosnia and Somalia foreign negotia-

tors became involved only after the arrival of foreign troops there. The situation in Bangladesh is far from that of Bosnia or Somalia. And this is for the first time in our political history that a foreign negotiator is involved to solve our internal problems. In 1969, following the mass uprising President Ayub called the RTC which was attended by politicians from all shades of opinion and he decided to go; in 1971, at President Yahya's initiative the unsuccessful Mujib-Bhutto-Yahya talks took place; in 1984, to solve the political impasse General Ershad held dialogues with the politicians, and in 1990 — without the assistance of any foreign negotiator — he resigned. But surprisingly this time, no dialogue took place in which both the leader of the House and the leader of Opposition participated.

Sir Ninian has nothing new to offer. In the morning, for example, he is hearing the government side and in the afternoon the Opposition, and then in the evening making a proposal of his own, which is being 'carefully examined' by both sides. The painful truth is that, we have utterly failed to solve our own problems. This lays bare the bankruptcy of our present political leadership.

The head of the British trade delegation who on arrival said that he was not 'directly involved' with the dialogue worked in so many words in his press conference that the foreign aid depends on the successful outcome of the talks. Does it not demolish whatever is felt of our national prestige? Does it not indicate that we have only a facade of sovereignty? Does it not show that we are at the mercy or dictates of the international community? Undoubtedly it does. But does it not prick the conscience of our politicians? Does it not in any way challenge them to solve our inter-

nal problems by us? Does this not make them feel ashamed? It appears that it does not. But now that the foreigners are involved, question of prestige and dignity apart, the country must find a solution. Otherwise, whatever may be the fate of democracy in this country — which has always been a twilight affair for very many reasons but primarily due to the incompetence of the politicians — the fate of the 120 million poor and helpless people, who are merely watching this game of power politics has to suffer more.

Negotiations often become successful with the generosity of the dominant partner, and where national interest is involved patriots always put national interest first. In 1940, when the British Conservative Party under Prime Minister Neville Chamberlain invited the Labour Party to join the government of national unity, the Labour under the leadership of Clement Atlee refused to join the national government with Chamberlain as Prime Minister. Chamberlain resigned, paving the way for a national government under Churchill as Prime Minister and Atlee as Deputy Prime Minister. If Chamberlain insisted on remaining Prime Minister, it is perhaps not difficult for the students of history to imagine what would have been the fate of the Western alliance during the Second World War. It is always good to learn from history.

Finally, half a century ago, the Congress and the League could afford to say 'no' to Sir Stafford, but now perhaps neither the government nor the Opposition can afford to say 'no' to Sir Ninian. The earlier the politicians understand this, the better for them.

Where Sir Stafford failed, let us hope Sir Ninian will succeed.

The writer is a practising barrister of the Supreme Court of Bangladesh