Dhaka, Thursday, January 12, 1995

Cabinet Reshuffle

In a surprise move, Prime Minister Begum Khaleda Zia has brought about a significant - if not major - reshuffle in her cabinet. The portfolios of two ministers along with two state ministers have been swapped. What prompted the premier to go for the move is not clear, so that it has set rumours swirling around. Many of them are just rumours no doubt; but some of the speculations may not be without substance. One such speculation links the changes with the unstoppable rise in cereal prices.

The government has been insisting that the food reserve in the country is quite satisfactory The harvest of aman paddy too is good this year. All these should have led to a fall in the prices of cereals. Contrary to reason, however, rice is registering a consistent price rise.

If the prime minister's move is aimed at stemming the worsening impact of this unusual price hike, it cannot but be appreciated However, we fail to understand if one man's departure and his replacement by another can provide the magical touch needed for bringing about the desired change. Without revamping the system, mere changes of portfolios are not going to

add quality to her governance.

Yet Khaleda Zia seems to have acted very decisively this time. Maybe, she really means business. Known for her wont to shy away from cabinet reshuffle, she seems to have done the best thing she could under the circumstances. The premier has come out of limbo on this. Perhaps she now realizes that a change in the cabinet is after all no reflection on the ability of the government or any weakness on its part. It is a part of the process, a natural manifestation of the mechanics of cabinet system. Through such occasional reshuffles governments all over the world only reactivate the functioning of the cabinet. It is a means to make the government strong and effective. Can we assume that the premier has seen the merits of such moves?

Earlier our suggestions for cabinet reshuffles fell on deaf ears. Now that she has shown her resolve, can we point out to her that there are areas, even more sensitive, requiring such changes? This will help improve her govern ment's ability to perform and deliver.

What a Pity!

What a pathetic commentary this reads like on our failure to take care of a minor detail that stops a major survey operation for oil and gas in the Bay from getting underway. The ship, Ross Seal, hired by two foreign companies of Scottish and Dutch origins, at US dollars 30,000 per day, is simply unable to begin work for no better reason than intruding fishing boats, trawlers and their nets cast across the survey area. Four precious days, out of 25-30 days' operational period, the ship has been commissioned for, are already lost. It evidently arrived in our port on 6 January to a surprisingly non-greeting working condition.

This is a pity, for a host of reasons, not least of which is lazing over an agreement duly signed with foreign companies and being caught napping despite the ringing wake-up call. Normally, as a contracting party we were obliged to a stay ready to the last detail with all the means at our coinmand as the host. Was a check-list kept, we ask even that nursery book-type question; because of

the utter absurdity of the lapse!

All that was initially needed to be done ranged from instructing, at the ground level, the owners and operators of the assorted private sector vessels to keep from the 2.5 km survey zone after putting to the sea to cordoning them off with a ring of some sparsely patrolling police parties. Words about the no-entry zone would then have got around in quick time. The rest could be easy routine vigilance.

The report in our newspaper reveals that as many as twenty-five different agencies including the lead ministries were made aware of the need for a completely free movement of the survey ship in the earmarked area. Apparently each saw the other in the picture and stepped back Coordination was at best some paper-work.

We would ask for a probe in the matter really. Not just because of the embarrassment it has caused to us but also taking note of the facts that: (a) this is a serious bid for exploration of hydrocarbon in the Bay after a lapse of 20 years; and (b) the foreign companies' interest is traceable to some hope-giving preliminary surveys they had already carried out.

Not Enough on Newsprint

The government has done well to fully waive customs duty on imported newsprint and to reduce it from 45 to 30 per cent on writing and printing papers. The lowering of duty from 30 to 15 per cent for import of raw materials to the domestic paper manufacturing sector also goes down well with us.

The newspaper industry and the book publication business are heavily reliant on the Khulna Newsprint Mill which has found it increasingly difficult to cope with the growing demands from both the areas. Supplies have been staggered and the prices exorbitant. Imported newspapers could not be a big help, either in stabilising and rationalising the prices and improving the supply position significantly. From such a stand-point, the fiscal measures promise well; except for the fact that one has doubts about the KNM's capacity to benefit from the lower input prices and then reflect these through higher productivity and reduced selling prices. Moreover, it is the only newsprint mill.

This brings up the question of VAT which remains tagged to the prices — and shall we say, even affects supply — if we should take into account the rather prohibitive value added cost. So, it is that we urge the government to withdraw VAT from newsprint, and if possible, even from

other printing papers.

Why are we looking for this preferential treatment at the risk of being dubbed selfish? The newspapers have to stay in business, commercially as well as philosophically, on a wafer-thin daily balance between costs and revenue earnings. The publication of text books for the school children has been badly affected this year because of newsprint shortage.

It is a paltry earning from VAT on a single item versus the whole range of benefit the government can derive from a stimulated publication industry. The government should make its choice without delay for the sake of what is called the knowledge industry.

Dollar Abundance — is it Good?

Accumulating foreign exchange reserves imply emerging recessionary trends in the economy. Investors are

reluctant. Opportunities remain unexploited. Our chances of getting rid of the poverty trap are moving backward at the same speed as the dollars pile up in the accounts of the Bangladesh Bank. there are not enough demand for imported goods and services. The number of cars consumer, durables and other such consumer goods and ser vices, basically satisfying typi cal middle class aspirations. require a very limited amount of foreign exchange because the vast majority are too poor to aspire for such imported consumer goods. They eat locally produced rice, their lungis and sarees are weaved by local handlooms and village houses are largely made of mud, bamboo and sun grass. Being too poor, their basic needs hardly call for any shipload of imports unless there is a shortfall in domestic production of foodgrains.

announced

that our foreign

exchange reservé now amounts

to 3.5 billion dollars; that

means for each citizen of the

country. US\$30 is available in

reserve. This is an amount

exceeding one fifth of the in-

come per capita. For each

Bangladeshi, the amount in

reserve can buy 100 kilogram

of rice from abroad, in fact it

could be good quality That rice.

At the standard consumption

rate of 15.5 ounces of rice per

capita, per day, this is suffi-

cient to meet the foodgrain

consumption needs through

imports for the next seven

months of the year, within

which period, export earnings

would continue to grow. for-

eign remittances would come

and therefore the already piled

up foreign exchange reserve

No doubt, the Finance

would be further replenished

Minister is very happy. It is a

very secure, sound and com-

fortable position. Who would

not like a situation of abun-

dance of dollars? However, the

question still remains: is it

good for the national econ-

omy? If an ordinary citizen of

the country can save 20 per

cent of his income on the av-

erage then investment will go

up and size of the equity mar-

ket, as it is today, will continue

to grow by leaps and bounds

and the national economy will

surely be on its way towards

the path of sustained growth

leading to eventual prosperity

the national foreign exchange

reserve. The huge reserve of

US\$ 3.5 billion imply that

But it is not the same for

of the nation.

The lagging import demands for which reserves are piling up further imply that import of machineries and equipment, industrial and construction raw materials and other development related imports are not keeping pace with the potential capacity to import. The foreign exchange reserves indicate that if investors come forward, they can easily open letter of credit for setting up many more manufacturing enterprises. The foreign exchange shortage, as constraint to development. 'does' not exist any longer in Bangladesh. There seems to be a shortage of Taka to invest.

not dollars to import - incred ible, isn't it?

Quantitative Example

The inadequacy of such growth inducing import de mand can be assessed better through some quantitative example. For a garment factory, a leather shoe manufacturing establishment and similar other labour-intensive enterprises, if the average unit value of imported machineries and equipment amounts to US\$ 250,000, then the present

moving backward at the same speed as the dollars pile up in the accounts of the Bangladesh

Bangladesh Taka consequently remains stable at 40 to 41 for one US dollar since the Finance Minister eased the controls regulating the value of the currency. Inspite of the open market regime, value of the currency remained stable and is expected to remain so for the second half of the cur? rent fiscal year. The original

WINDOW ON ASIA

Shahed Latif

foreign exchange reserve means that 14,000 enterprises which could have been set up did not come on stream. That means 3 million lost employment opportunities and 100. million dollars worth of disposable wage income each month would have further generated a tremendous mul tiplier effect in terms of growth and development.

Accumulating foreign exchange reserves imply emerg ing recessionary trends in the economy. Investors are reluctant. Opportunities remain unexploited. Our chances of getting rid of the poverty trap are

predictions were however otherwise. It was hoped that a surge in import would take place and given the inherent trade deficit of Bangladesh. Taka would weaken further.

Same were the expectations in India as a consequence of market liberalization. In Bangladesh, it was thought that due to exchange decontrol. Taka and rupee values would come at par - facilitating greater export from Bangladesh across the border.

The facts proved otherwise The expected import surge did not take place. Hence the foreign exchange reserve kept on pfling up and exchange rate stability prevailed. While such stable exchange rates are deairable for foreign investment in particular and economic growth in general, the pressure for devaluation would only come when demand for foreign exchange far exceeds its supply on a continuing basis. In the short run, IMF can very well assist us to tide over temperary difficulties or seasonal excess demand for foreign exchange. However it is quite conceivable that large inflow of investment is combined with huge imports of machineries and equipment, while past investments which have come on stream, boost manufactured exports. At the same time remittances from Bangladeshi workers abroad are also rising. Such a favourable combination would not give rise to 3.5 billion dollar reserve - nor the value of Taka in dollar or yen would move downward.

Boosting Competitiveness

In fact, we need not be overconcerned with maintaining the value of Taka at 40 to a dollar. Devaluation may boost our competitive position in various international markets. for example, frozen food, leather goods and textile. It is expected that enlarged demand for exports of items mentioned above, as well as

portunities may boost the import demand for machineries and equipment and raw materials, in particular. The total import effect may far outweigh the import price effect induced by the proposed devaluation. Any way the latter hardly touches the bulk of the population, as explained earlier in this article. However, the decision makers themselves are likely to be adversely affected: chocolates and after-shaves would definitely cost more. We tend to ignore the fact

prospects of new export op-

that Bangladesh is no longer a commodity exporting country facing inelastic demand in the international market. Shrimps, shirts and shoes are price elastic products. If these items. imported from Bangladesh are on sale in the streets of New York at a discount, made possible because of Taka devaluation, demand is bound to surge. Additional investment will inevitably follow The recessionary trends. manifested by accumulating dollar reserves would quickly

in this article, I have not stated anything which is not known to the decision-makers of our country. There is no lack of knowledge. Perhaps appreciation of that knowledge is not enough to compel the authorities to decide. Macroeconomic management needs to be combined with a strategic vision: a boldness emerging out of conviction should be the key element in decision mak ing, while econometric analysis can only assist the process and cannot, repeat cannot, become the decisive factor.

Interview with Pak High Commissioner

No Clear Comments on Division of Assets and Repatriation of Stranded Pakistanis

ANWAR KEMAL, High Commissioner of Pakistan during his long stint in Bangladesh became a familiar face in Dhaka's diplomatic community. He had build up a good rapport with the business and political circles too. He left on Jan 10 to take up his new assignment as Director General of Pakistan Foreign Service Academy.

On the eve of his departure he was interviewed on the state of relations between Pakistan and Bangladesh, trade prospects, his views on SAARC and a number of issues including division of outstanding assets and repatriation of stranded Pakistanis. The interview was taken by M ANWARUL HAQ, Chief Reporter of The Daily Star.

The Daily Star (DS): How would you describe the exist ing state of relations between Bangladesh and Pakistan?

Anwar Kemal (AK): I would describe the relations as very good, cordial and warm, and in some ways unique because of our history. Majority of the people of Bangladesh and Pakistan have feelings for each other. On a people to people basis, this feeling can be discerned whenever there is a visitor, say for instance students visiting, someone ar ranges a transport or hosts a dinner. A shopkeeper on learning that one is from Bangladesh often charges less.

government level? AK. At government to government level, our relations have been very correct and friendly. Between Bangladesh and Pakistan there is lot of scope of mutual benefit and we want cooperation on the basis of mutual benefit. We also want Bangladesh to be a very strong

DS. What about relations at

it is in our interest. DS: How do you explain

and prosperous country - and

interest? AK. Because we both support the causes of the Islamic ummah. And as members of the OIC we should cooperate. Here I would like to add that within the context of SAARC. Bangladesh has played an outstanding role: Our leaders whenever they have visited Bangladesh, have noticed and remarked that your country has hosted the events with excellence. This has evoked ad-

DS: What about the question of division of outstanding assets and liabilities? Is it in the cold storage?

miration.

AK: It is not only of division of assets but also a division of liabilities. Our position has been that we can discuss the matter and this is what the two sides agreed when Begum Khaleda Zia visited in 1992. The two sides agreed that they will keep the matter under review. It is a complicated question - how to divide the assets of one country with two wings

and then the investment of people, individuals, their properties, their claims and counter claims. But anyway we are prepared to discuss this in a brotherly spirit.

DS: There seems to be a lot of foot dragging on the repatriation of stranded Pakistanis What is the present position? -

AR: There are some 2,38,000 of these people, originally from Bihar and their descendants, many of them have born in Bangladesh. There are 40-50 camps all over Bangladesh. Some of them are living on their own outside the camps. Although there was an agreement with your government in 1992 about their return and some 300 plus went to Pakistan. We did not have any further movement since then. We are awaiting words from our government. I think the best would be if both sides could discuss the matter and

There are many social and economic problems, and unfortunately we have not received assistance from the international community involving several hundred millions of dollars. It is my hope and prayer that the problem-would be solved. The embassy has done its duty. We carried out a survey, photographed and is-

move forward.

sued identity cards. DS: What about our prime minister's visit to Pakistan as Chairman of SAARC?

AK: You will be hearing shortly. Begum Khaleda Zia would be most welcome to visit Pakistan both in the capacity of SAARC Chairperson. Prime Minister and in her individual capacity.

DS: How do you view the progress of SAARC, the prospects and problems?

AK: SAARC is a very useful organisation. It has not yet developed its potential. There are two approaches to make it successful, and both the approaches have to be tried in order to make SAARC prosper and economic cooperation to grow meaningfully. One approach is to solve our disputes. The major disputes in our re-

gion should be resolved. I refer particularly to Kashmir And each country has its own agenda, like Bangladesh has its water problem and also the return of the Chakma refugees. Similarly, the other countries have their problems. We should make a sincere effort to solve these problems. A second approach is that we should promote cooperation in order

to create a good atmosphere for the solution of bilateral problems. So these two schools of thought are not necessarily mutually exclusive. Both these approaches should be pursued simultaneously. And in fact this is what we are all doing. The leaders of SAARC talk and discuss regional cooperation and they also meet privately, bilaterally and they discuss their bilateral

disputes. DS: But official framework of SAARC does not allow bilateral discussion of problems.

AK: But in the SAARC meetings, apart from attending the official reception and ceremonies one of the highlights is the one to one bilateral meetings that take place. So SAARC provides a very good forum for that. We have to meet even if our relations are very tense. Sometimes it so happens that the relations are so tense that you cannot go to each other's capital to meet but you can meet under the auspices of SAARC where the other members are present and all the members are informally urging

DS: What about Pakistan's position regarding SAPTA because everyone has exchanged the list except Islamabad?

each other.

AK: I think we are taking active steps to prepare our list. I believe it will be submitted in the near future. I cannot say precisely when. It has to be weighed very carefully in order that it is successful. And a delay of a few months will not make much difference.

DS: Do you think SAPTA will help economic cooperation, as certain countries may have an edge over others?

AK: This is a cautious ap

have been more easy and lar

proach actually. It doesn't open the floodgates. It's true that one country or other may have advantage. It is a step by step

DS: What about the position of economic cooperation between the two countries?

AK: We want greater economic cooperation between our two countries. Presently trade is between 150 to 160 million US dollars both ways. and the balance is in favour of Pakistan. I think there is scope

for increasing the volume. In 1969-70 Inter-wing trade was In the neighbourhood of one billion US dollars. It was almost equal on both sides.

We are the biggest consumer of jute in the world. there are 14 jute mills, and the bulk is purchased from Bangladesh, Your importers prefer to buy cotton from us. There is greater scope for tea export to Pakistan. We have given a lower ITP price, for Bangladesh tea. You can also send pineapples, cane furniture and bananas. I may add that Pakistan now produces the best mangoes in the world, some of the plants were taken from here. You could import both mangoes and oranges at a very cheap price.

To improve trade we must improve the problem of shipping. A cargo container costs nearly \$1100 from Chittagong to Karachi instead of \$600 This is due to transshipment and infrequent shipping services. Your tea and other goods have often to go via Singapore, or elsewhere. Air freight rates are too high and infrequent. Traders on both sides would benefit from direct shipping links and frequent flights.

DS: You were feted by Sheikh Hasina to lunch? What about relationship with other parties?

AK: She has also invited

that she invited me as a High Commissioner of Pakistan. You know the history. She referred to it. She made a very warm speech and in that she mentioned that our friendship is based on many ties of history. religion and culture. She also referred to certain unfortunate events that happened in the past. We are very happy to have good relations with all segments of the society, the government and opposition. But our policy is very strict. Primarily and foremost we deal with the government. Our relations are with all segments of the society. I met both Khaleda Zia and Sheikh Hasina as opposition leaders when I came

DS: Any comments about the current political situation? AK: The two sides, to my knowledge were very close in reaching an agreement. It was inconceivable that with a small margin of difference, success should elude the two sides.

DS: What are your personal impressions of your stay in Bangladesh?

AK: I am leaving Bangladesh with a heavy heart because of my love and affection for the people. It was one of the most rewarding postings of my career. It was indeed a great honour for me. My first ambassadorial posting was here. I had previously been here in others on their farewell. But 1969-70 on training. So I leave

what makes it significant is behind many fond memories. Urban Crime and Delinquency-II

Unabated Migration from Rural Areas Confounds the Problem

by Dr M Enamul Huq

T is generally found that poor countries with high rates of population growth have higher incidence of child labour. While various socioeconomic factors favour high fertility, parents in traditional economies try to reduce the cost on children by engaging them in various types of work. Nearly 60% of the population in Bangladesh lives below poverty line. According to census data, children constitute nearly 12% of the labour force. In an agrarian economy such as Bangladesh children traditionally take part in various activi-

ties - boys help the father in the field while girls do the various household chors to assist the mother. But the picture is more complex for those who have neither any shelter nor any farm of their own. Heavy migration from rural to urban area makes the issue all the more confounded. Being helpless and not having any resort for minimum livelihood many take resort to unsocial activities which may start in open areas of railway station/ platform, river port/jetty, bus terminal, community centres. Abandoned premises, garage bustees, corner places of the posh areas. Once they are in, this take them, specially the girls, to ultimate destination of the redlight area, rest house. hotels, beauty parlours, massage homes etc. An array of developments in the social and public moral surroundings has had serious impact on delinquency rates. Flood of porno or near-porne publications, blue films and foreign television

programmes explicitly presen

ting sex tends to increase

juvenile delinquency of which

child prostitution is one. The

religious dictums and social

taboos had to give in to the

lure and temporary comfort

where the havenots had to be

sacrificed at the alter of the so

called development and mo-

dernisation.

Another aspect of criminal incidence relating to family is that of aging population and

problems relating to the elderly has become a thought for the social reformers and criminologists. It will be an interesting study to know the category of victims of traffic accidents and ratio of the elderly who are either injured or killed while walking on the street, crossing road, alighting out of or getting in a bus. The ratio is considerably high compared to that of other categories.

However, it is to be admitted that criminal scenario all over the world has been undergoing tremendous change. Crime is no longer committed by the members of poor and helpless family only rather it is now being committed more by the social deviants who may be rich, young, educated, powerful irrespective of their sex and religion and status. Nevertheless, the economic demands of crime control also must be given serious consideration. When crime is effectively controlled the social and institutional costs it inflicts decline. Funding for crime control is an indispensable comportent of and requires a priority position in national development planning and one must take note that family welfare and amelioration of the individuals' sufferings along with entitled human rights must be the corner stone of policy-makers.

It may seem that economic development is the panacea for all evils in a developing society But more important is the attitude of the people towards life A very materialistic outlook of life tends to bring physical or economic prosperity. But such prosperity should be matched with the social and psychological needs of the given community. Rise of high expectations without the capacity to fulfil them will definitely bring chaos and discontent in soci-

sume significant responsibility for crime prevention and apprehension of offenders. Probably the family in particular. and community in general is a striking manifestation in offender rehabilitation in the use of citizens as volunteer probation officers or social workers, as well, as philanthropists, reformers and the whole gamut of social welfare forces who can play their role not only to cure crime but also to strengthen the family ties to set example to others. The need to rely on community support and co-operation in crime prevention and offender rehabilitation requires active inter action with community entities. This may take the form of public information programme and the media and press can contribute more than any other to explain the role of the legal system, family discipline, individual rights and obligations in achieving societal and governmental goals to bolster the campaign for ideal family life.

is the fact that local communi

ties and neighbourhoods as-

tice is linked to the natural law of cause and effect as there is no way for the delinquents to escape this law yet one organs must function properly

The eternal concept of jus-

(Concluded)

escapes detection by the police. In spite of all the best interactions and hopes for fair from having a peaceful and just fraction - the other three being Codes (Lawi Courts (Judi Malfunctioning of any of the the vital role to play.

play and justice we are still far society. In establishing rule of law the Criminal Justice System has to play its role and in that system police is only a ciaryl and Correction (Jail). In the whole process all the four organs can fail the whole eriminal fustice system and hence all the component parts are to act as supplementary to each other - though police being the most visible form has

The most important dimen-

Ray of hope for 1995

'Sir.' Thank you so very much for giving us a tiny ray of hope about Bangladesh's future on New Year's Day. I am referring to your award of The Man Of The Year To Prof. M Yunus. After the political bungling of our two leaders, most of us were dreading the advent of 1995. But when I read your coverage of Prof Yunus, A new ray of hope was born. May Allah give a very long happy life to Prof Yunus so that he can continue to do his good deeds and inspire us for a long time to come.

Zeba I Seraj Dept. of Blochemistry, DU.

Need of the hour

Sir: At present, in Bangladesh, we find that two ladies are wrestling over polit-

ical power. It is sometimes also heard that a third one is peeping through the fence, but hesitating for fear of being bogged down in the political quagmire of the country. So. before Bangladesh becomes a complete political hell, we should think of shunning all who may get in the political arena by virtue of only their queer hereditary rights. Sir, Bangladesh is no more a baby in arms. She is now a grown up one — a quite grown up one. She is now twenty-three years old! So Bangladesh is no more in need of any mother, a real one or a surrogate, for her protection and development. One of your learned readers

appears to be puzzled as to what Caliph Omar could do if both the claimant mothers were false ones (Opinion: December 31, '94). Well, in that case the solution could

less grisly. Instead of ordering to cut the baby in two, Omar would have just taken it away from the clutches of the two wrangling fake mothers. Here in our context, we should now think of taking Bangladesh away from the clutches of the two wrangling ladies and give it to someone who will guide her well. We should not forget that this kind of political behaviour is always destructive. The way "the two ladies" are getting involved in the political

pyrotechnics, who have reasons to fear that our hardearned democracy may be at stake at any moment. So, let us search for an alternative leadership before it is too late. M Abdur Rasul

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