

Cabinet Reshuffle

In a surprise move, Prime Minister Begum Khaleda Zia has brought about a significant — if not major — reshuffle in her cabinet.

The government has been insisting that the food reserve in the country is quite satisfactory.

If the prime minister's move is aimed at stemming the worsening impact of this unusual price hike, it cannot but be appreciated.

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?

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.

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.

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.

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 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.

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.

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 Finance Minister recently announced that our foreign exchange reserve now amounts to 3.5 billion dollars; that means for each citizen of the country US\$30 is available in reserve.

No doubt, the Finance Minister is very happy. It is a very secure, sound and comfortable position. Who would not like a situation of abundance of dollars? However, the question still remains: is it good for the national economy?

But it is not the same for the national foreign exchange reserve. The huge reserve of US\$ 3.5 billion imply that

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 services, basically satisfying typical 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.

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.

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not dollars to import — incredible, isn't it?

Quantitative Example

The inadequacy of such growth inducing import demand 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 Bank.

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. In spite of the open market regime, value of the currency remained stable, and is expected to remain so for the second half of the current fiscal year. The original

on piling up and exchange rate stability prevailed. While such stable exchange rates are desirable 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.

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

prospects of new export opportunities 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.

We tend to ignore the fact that Bangladesh is no longer a commodity exporting country — facing inelastic demand in the international market. Shirts, 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.

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 making, while economic analysis can only assist the process and cannot, repeat cannot, be the decisive factor.

WINDOW ON ASIA

Shahed Latif

forex 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 multiplier effect in terms of growth and development.

The facts proved otherwise. The expected import surge did not take place. Hence the foreign exchange reserve kept

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.

Some 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 expected import surge did not take place. Hence the foreign exchange reserve kept

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 existing 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 arranges a transport or hosts a dinner. A shopkeeper on learning that one is from Bangladesh often charges less.

DS: What about relations at 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 and prosperous country — and it is in our interest.

DS: How do you explain 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 admiration.

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

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?

AK: There are some 2,38,000 of these people, originally from Bihar and their descendants, many of them have been 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 move forward.

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 issued identity cards.

DS: What about your 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.

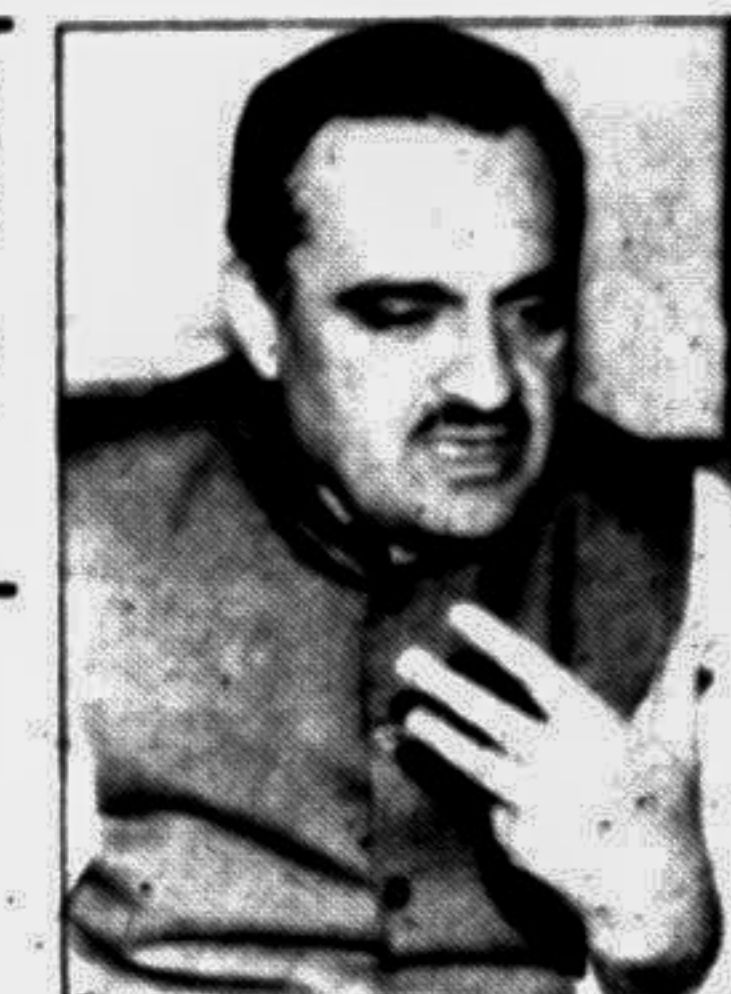
AK: But in the SAARC meetings, apart from attending the official reception and ceremonies one of the highlights is the one to one bilateral meetings that take place. So SAARC provides a very good forum for that. We have to meet even if our relations are very tense. Sometimes it so happens that the relations 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 each other.

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

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-



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 approach.

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 others on their farewell. But what makes it significant is

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 here.

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 1969-70 on training. So I leave behind many fond memories.

Urban Crime and Delinquency-II

Unabated Migration from Rural Areas Confounds the Problem

by Dr M Enamul Haq

It is generally found that poor countries with high rates of population growth have higher incidence of child labour. While various socio-economic factors favour high fertility, parents in traditional economies try to reduce the cost of 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 activities — boys help the father in the field while girls do the various household chores 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, busters, 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-porno publications, blue films and foreign television programmes explicitly presenting 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 altar of the so called development and modernisation.

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 component of and requires a priority position in national development planning and one must take note that family welfare and amelioration of the individuals, suffering 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 society. The most important dimension to effective crime control is the fact that local communities and neighbourhoods assume significant responsibility for crime prevention and apprehension of offenders. Probably the family in particular, and community in general is a striking manifestation 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.

The eternal concept of justice is linked to the natural law of cause and effect as there is no way for the delinquents to escape this law yet one escapes detection by the police. In spite of all the best interactions and hopes for fair play and justice we are still far from having a peaceful and just society in establishing rule of law. The Criminal Justice System has to play its role and in that system police is only a fraction — the other three being Codes (Law Courts/Judiciary) and Correction (Jail). In the whole process all the four organs can fail the whole criminal justice system and hence all the component parts are to act as supplementary to each other — though police being the most visible form has the vital role to play. (Continued)

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.

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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 to both the claimant mothers were false ones (Opinion: December 31, '94). Well, in that case the solution could

have been more easy and far 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 hard-earned democracy may be at stake at any moment. So, let us search for an alternative leadership before it is too late.

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