

Anarchic Eruption

Kamalgarj thana in Mouli Bazar is better known for its pocket of Manipuri settlement in Bhanugachh. Which means there is an island of art and culture there which again should mean an enclave of humanity.

A case of unpredictable eruption? It was far from that. Thousands more from the village joined the attack the next day. About a hundred houses were methodically sprinkled with petrol and set ablaze.

No, we don't blame the government for this harrowing mini holocaust. We want the government and all other kinds of leadership to realise the state of our social reality and search their hearts as to how we could come to this pass as well how to get out of it.

Although belated, governmental and social mechanisms have got into gear to bring the situation to normal and recoup whatever is as yet recoverable. This is good performance but not at all good enough.

Our politics of the recent past has been replete with the above excesses. As the senior partner in the national political arena, the government is more accountable than anybody else for the present anarchic situation.

Chirac Victory

The French have voted for change. They have opted out of the 14-year-long socialist presidency in the person of Francois Mitterrand to greet conservative Jacques Chirac in the chief executive's office.

The narrow margin of votes with which Chirac has come to power makes it imperative for him though to keep all his electoral promises; and since he will be leading France right upto 2000 AD he has a plateful of obligations to fulfil.

The policy plank that won him support and confidence of the majority is made up of two basic elements: ridding the country of a severe unemployment problem by a very broad-based and rapid creation of new jobs; and bridging the very wide disparities that now exist between the rich and the poor.

France's choice of a conservative president to lead her through the remainder of the current century is a significant development. As a country it is the largest in western Europe and has had a background of self-assertion in European and international affairs.

World War Memories

The resurgence of war and peace memories occasioned by the commemoration in London of the 50th anniversary of the end of World War II in Europe has, in a manner of speaking, stirred the placid waters of these parts of the world — so far away from the shores of Europe.

The association factor put Bangladesh on the guest list with President Abdur Rahman Biswas and Begum Hosne Ara Rahman attending the celebrations in London in the company of other distinguished heads of government and state and their spouses from across the globe.

The service for reconciliation at St Paul's Cathedral reverberated most appropriately with the right message for the present-day leaders. It linked us to the past when enemies became friends and made it a common cause to fight Nazism and fascism.

While the process of healing the past wounds goes still on, we are having fresh eruptions of ethnic violence, acts of terrorism and trampling down of human rights, both political and economic.

MARIO Puzo's 'Godfather' was enacted live in the small town of Narsingdi. In a burst of frenzied rival parties — involving honourable members of parliament — exacted revenge as part of a bloody saga the kind of which marks relations between feuding mafia families.

That the casualty figure kept to the minimum is more a stroke of luck than a mercy of the attackers. And there is no guarantee that the town will not witness fresh eruption of violence soon.

Reading between the lines of his statement, one comes across quite a number of dis-

Delinking Politics from Violence

by Niranjan Halder

Politics here is not likely to be as vicious all the time but there is no denying the fact that money and muscle power combine together to largely determine the fate of politicians and by extension the course of politics of the country.

torbing but unspoken truths. The casual way of his dismissal of the prolonged bloody feud between the two MPs of the ruling party gives the impression that such developments are too natural to be taken seriously.

It is exactly at this point that the argument for likening the make-up of mafia gangs with party hierarchy seems to get credence. Unauthorised

dealing in deadly drugs, arms and money laundering are the source of strength and influence of mafia barons. Politics here is not likely to be as vicious all the time but there is no denying the fact that money and muscle power combine together to largely determine the fate of politicians and by extension the course of politics of the country.

How else do we explain the Narsingdi incident? No political party claiming to have some respect for democracy can tolerate such lawless, lewd and outrageous behaviour of party MPs who hold responsible positions in national politics and society; and are supposed to command respect.

party factions expose the weakness of our politics. The MPs have acted against party discipline and that is enough reason for the party concerned to censor them and take disciplinary measures against them.

By default of such measures the detractors in a party get encouraged to further breach party orders and rules. Allowing concessions such as this is sure to erode people's confidence in the party concerned and politics in general.

The question that naturally comes to mind is: if inter-party politics can be so savage and vengeful, how the intra-party politics is going to shape up?

That politics draws its strength from money within an allowable limit is acceptable but when the money is used for purchasing unlawful muscle power, it ceases to be a civilised way of dispensation. The trend is towards violence. No doubt the legacy of political violence is inherited from our colonial and autocratic past.

It is time that the realisation dawned on the politicians that the rising mastan culture is an offshoot of licentious politics. It has eaten into the very vital of our society. To restore political integrity we must delink musclemanship from politics once for all.

'Drastic Measures' to Cure the Banking System

by Kabir U Ahmed

It looks like the real interest rate is now much higher than what prevailed in the profligate period of 1980s. No wonder, people were then borrowing while they are now reluctant to borrow since they feel the pinch when they think of borrowing at such high real rates.

systemic insensitivity of the banks, it seems, to the needs of the economy. That's why the Governor is right in talking about the need for introducing some "drastic measures."

The purpose of this short article, however, is to explore the implications of some of the issues that the Governor has focused his attention on. In the first place, he thought that the current commercial lending rates are rather high and "shouldn't have been more than 9 or 10 per cent in view of the cost of fund at around 6.5 per cent."

High Interest Rates

The current lending rates of the commercial banks are somewhere between 12 per cent and 16 per cent or even higher depending on the purpose of the loan, riskiness and bank-client relationship. With the prevailing inflation rate of about 2 per cent, as is claimed by the government, the real interest rate comes to between 10 per cent and 14 per cent which is very high indeed.

where between 9 per cent or 10 per cent. He was talking of nominal rate and was drawing attention to the influence of past debts on current interest rates. In his own words, "the commercial lending rates of the banks should have been much lower if it was not for the large debt overhead."

Justice in Fixing Interest Rate

The most important question that it raises is the following: why should the past bad debts of the entire banking sector be a major determinant of the current rate of interest? The answer is that the banks would like to recover their losses by raising current interest rates. Three points need to be made against such a position of the banks.

First of all, the arbitrary shifting of burdens from the previous defaulting generation to the new generation of borrowers is both economically and socially unjust. Of course, if these two generations consist of exactly the same set of people or even their children and grandchildren who benefitted from what their parents or grandparents did, then such shifting is permissible (although there are some ethical questions about it).

Further, a high interest rate discourages investment and thereby slows down the potential rate of growth of the economy. As a result, hundreds of thousands of people are deprived of their potential employment and income.

be the normal rate, the entire economy is held hostage. Why should so many people, or rather the entire society, pay so dearly for the mistakes or misdeeds of a group of individuals of the past generation?

If one compares such escalation of interest rate with the increase in the price of an industrial product, one can appreciate better what has been said above. Suppose the jute industry tries to recover its past unrealised debts by raising the price of its product. What will happen to the sale of jute products in the market?

Secondly, the banking laws in Bangladesh may be lenient, and their implementation may be too costly, time-consuming and ineffective. The borrowers of the past decade might have been fully aware, and took advantage, of these weaknesses. If this is right, then why should others be made to pay for the sins of the original borrowers?

and their implementation may

Finaly, there may be deeper issues that need to be uncovered than what a conventional approach to the debt problem may reveal. The problem could be systemic rather than borrower-specific, which means that the borrowers might have acted in collusion with people in the high offices of the administration and the banks.

Concluding Observations: From the foregoing analysis and observations, some conclusions follow: (i) the present high real rate of interest acts as a disincentive to the investors and it should be brought down by cutting the nominal rates; (ii) the high nominal rate charged by the dominant banks is distorting the allocation of financial resources in the economy, shifting the burden of debt repayment from the original borrowers to the new generation of borrowers which is unjust, and depriving the society from potential growth of output, employment and income;

New banks and Competitive Banking

The Governor wants competition in the banking sector and hopes that the new banks, "starting with a clean slate", will be able to reduce interest rates. Banking sector in Bangladesh consists of both publicly-owned and privately-owned banks, but they are few in number. This gives the sector an "oligopolistic" structure with the characteristic that some large banks dominate the field of operations while the smaller ones follow what the bigger ones do.

and their implementation may

A recently held MCCI seminar in Dhaka, the Governor of Bangladesh Bank, Mr Khorshed Alam, is reported to have said that "more drastic measures will have to be taken" to cure the ills of the banking system (The Daily Star, April 27th). The Governor deserves congratulations for being so candid and bold. In spite of implementing most of the suggested financial reforms over the last three years or so, the banking sector is still awash with liquidity, stuck with a huge unrealised debt, and unable to promote investment lending which is so badly needed in the present state of the economy.

However, the problem is that with the building up of a large foreign reserve, the exchange rate has been tending to appreciate slowly. If the reserve keeps accumulating, the danger is that the exchange rate is likely to appreciate at a faster rate. If this happens, then it will hurt the country's export competitiveness in the outside world and thereby jeopardise the export-led strategy of development which is so critical for pulling the economy out of its present state.

To the Editor...

US trade embargo against Iran

Sir, We are surprised and shocked at US trade embargo against Iran. We wonder how far the US policy towards some Middle East countries — Iraq, Libya and now Iran — is reasonable and justified.

In 1823 the USA was secluded from the rest of the world because of dual principle of US foreign policy as enunciated in Monroe's doctrine. Is in 1995 President Bill Clinton going to pursue a peculiar doctrine of market economy on the one hand and economic sanction on the other to commit another folly?

From the beginning of the 19th century to the middle of the 20th century the French and the British dominated the world politics. The European Union in Brussels has expressed its unwillingness to join in President Bill Clinton's trade and investment embargo on Iran. We also do not support this policy of the US.

It is said that before 1914 the American people were abysmally ignorant concerning international relations. It was under President F D Roosevelt that the USA entered into the arena of international politics in the 1930's. Thereafter Secretaries of State George Marshall (1947-49) under President Truman, John Foster Dulles (1953-59) under President Eisenhower, Dean Rusk (1961-69) under President Kennedy and President

Johnson, Henry A Kissinger (1973-77) under President Nixon and President Ford and the celebrated President George Bush himself (1989-93) played very significant and monumental roles in building an image, reputation and goodwill of the USA world wide and fostering friendship and close relations with many countries in Asia, Europe and Africa.

Unfortunately it appears today that the USA is losing her international respect and goodwill gradually and her long championship for the cause of freedom, democracy, market economy and human rights is being relegated to the background.

May we request the USA for a change of heart, for a change of policy — not for the sake of change only but for the overall well-being of the entire mankind.

We strongly believe that friendship and cooperation always lead one to success, peace and prosperity. Enmity and non-cooperation only bring failure and sufferings.

O H Kabir Dhaka-1203

Cruelty of men

Sir, On April 22, '95, in a local paper of Chittagong, there was a news about a baby girl being murdered by her father, simply because he was irritated by her crying. The vexed father tried his two-year-old daughter repeatedly on the floor causing her in-

stantaneous death. It is not the first time that children had died in the hands of their fathers for the flimsiest reasons. We fear about this sort of incidents frequently. It is a great pity that they have to lose their lives in the hands of some one they look upon as a protector.

These happenings has something to muse about. I have a feeling that if it had been the responsibility of fathers to care for the children in infancy, world population would have diminished on one hand and on the other, crippled persons would have been on the increase, as children would have been maimed in greater numbers.

It was reported in newspapers that a mother was hacked to death by her son at Singha village in Lahgi of Habiganj on April 28, '95. Again it is not the first time in which parents had been murdered by their sons. These appalling incidents too happen quite frequently.

I am not implying that mothers do not ever kill their offspring but it is rather rare.

Till now, I have no knowledge of incidents in which daughters are guilty of the unspeakable crime of killing their parents.

So, I think our world would have been a much better place to live in if men had the same compassionate nature as women.

Nur Jahan East Nazrabad, Chittagong

April 29 was remembered this year, as in the other years, for the colossal devastation caused by the cyclone and tidal wave some years ago in which over a lakh people perished. Since then a vast emergency relief network is known to have been set up, including the construction of hundreds of cyclone shelters in the coastal belt and prone areas. There are food storage arrangements and emergency transport and communication facilities, which could be geared up for operation within hours of the weather warning.

The authorities concerned do not seem inclined to feed the press with enough information and data, and there appears to be no Awareness Campaign or Week about these relief arrangements. April 29 is the right date for carrying out a dress rehearsal and field operation to get the team operators in the field familiar with the exercise.

Now and then we read that a Master Plan has been planned (updating, expansion, and modernisation of the old Plan) and is ready for implementation to cope with the food, medical, shelter and other emergency supplies. There is silence on the use of solar power supply during emergency for communication and relief work. Where are the hundreds of coastal rescue craft which would be needed suddenly? Any prototype coastal vessel designed by our losing shipyards? Has the rural

wireless telephone reached the shelter buildings?

Guide books, handbooks, field manuals, and the Blue Book are not publicised for public information, to stress home the point that the government is seriously ready to cope with future natural disasters. Many foreign donor agencies have come forward with assistance packages in cash, kind or expertise. The models of some of the prototype cyclone shelters are not displayed for public view. There are very few seminars, or discussion meetings at grassroots level at the local spots to cope with the emergency. The operation scheduled in the blueprint has to interact with the local people of each area. The publicity campaign locally, and in the mass media must be adequate for the formation of the correct image. It is easy to produce video tape with computer simulation (we have the software experts) for training and familiarisation.

Prayers for the dear departed and the use of mikes in the cities are only a part of the exercise on this anniversary day. It is hoped that the next anniversary would be field-related and more visible, with demonstration exercises in the coastal belt, participated actively by the local people, on the pattern of military exercises carried out during a few time. There is nothing like hands-on training

OPINION

Natural Disasters : Field Exercises

A Husain

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