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HYUNDAI

CARS THAT MAKE SENSE

12 projects get Aga Khan Award

Twelve projects, ranging from urban conservation to low-cost housing settlements, high-tech buildings, mosque design and environmental renewal, were given the Aga Khan Award for Architecture at the Karaton of Surakarta in Solo, Indonesia Saturday, says a press release.

Aga Khan, Imam of the Ismaili Muslims, presided over the ceremony which was hosted by Paku Buwono XII, Sunan of Surakarta, and attended by senior Indonesian government officials, representatives of the countries of the winning projects, and Princess Zahra, daughter of the Aga Khan.

The winners were selected by an independent master jury from 442 nominees. Five projects were chosen for their success in addressing not only architectural, but also social questions in developing urban ar-

India allocates more levy sugar to states for record output

NEW DELHI, Nov 26: With a record sugar production of 146 lakh tonnes, the government yesterday announced the decision to allocate more levy sugar to states under the public distribution system (PDS), allow an increase in exports and provide the sweetener to sugarcane growers at concessional rates, reports PTI.

Making these announcements at a press conference here, the Union Food Minister, Ajit Singh said the release of levy sugar from PDS would be based on the 1991 population basis instead of the projected population as on October 1, 1986.

The demand by states and union territories for its revival could not be acceded to on account of low sugar production in the country during 1992-93 and 1993-949 season, he said.

"In view of good production of sugar in 1994-95 season and better prospects for the next year, the government has decided to make higher allocation in levy sugar on the basis of 1991 census". Singh said.

As per the 1986 population basis, each of the beneficiary under PDS would get 425 grams of sugar. Now, the government will have to make available an additional 4.32 lakh tonnes of levy sugar every year. At present, the government releases 3.3 lakh tonnes of levy sugar every month to states for PDS consumption.

Indonesia may be number one rubber producer by 2000

KUALA LUMPUR, Nov 26: Indonesia is expected to overtake Thailand as the world's number one rubber producer after the year 2000 while Malaysia is likely to keep its third position a senior INRO official said here. reports Reuter.

"Thailand is likely to retain its number one position for the next few years but its rubber production is already reaching a plateau," said Christopher Goldthorpe of the Kuala Lumpur-based International Natural Rubber Organisation.

Goldthorpe, who is INRO's senior Rubber Industry Development embarking on various rubber development programmes which could greatly boost rubber production in the next century.

"Thailand has planted up most of its rubber growing areas while Indonesia still have vast tracts of suitable land in Kalimantan and Sumatra," Goldthorpe told Reuters at a Kuala Lumpur seminar on the future of the global rubber industry.

"But there's still much catching up for Indonesia to do in terms of numbers," he added.

Thailand produced 1.72 million tonnes of rubber in 1994 against Indonesia's 1.36 million tonnes — a margin described by Goldthorpe as still wide.

He said Malaysia's output of 1.1 million tonnes last year was expected to consolidate marginally to around one million tonnes over the next five

years. The three Southeast Asian countries currently account for over 70 per cent of global output.

Modernisation of labour laws underway

Labour and Manpower Minister Lt Gen (Retd) Mir Shawkat Ali said Bangladesh is committed to economic emancipation of the toiling masses including peasants and workers as enshrined in the constitution, reports BSS. "We have undertaken wide

ranging economic reforms and structural adjustment measures." he said while inaugurating a three-day national tripartite seminar on International Labour Standards (ILS) of prime importance to women workers at Sonargaon Hotel yesterday.

He said the updating and modernisation of all labour laws is underway and the principles of tripartism is being strengthened in all spheres to ensure the safety and security of workers band cupation) are reflected in the workplace.

Chowdhury, Joint Secretary, Ministry of Labour and Manpower, the inaugural function was also addressed by Dr Haroonur Rashid, Secretary, Ministry of Labour and Manpower. Tadashi Nakamura. Assistant Director General Asia and The Pacific, ILO, CK Hyder, Secretary General of Employers Association and Mesbahuddin Ahmed, Secretary, National Consultative Committee of Workers and

Mir Shawkat Ali said Bangladesh has ratified most of the basic human rights conventions as regards labour standards concerning women workers.

Employees (NCCWE).

"The principles of Convention no 111 on discrimination (employment and occonstitution of Bangladesh Chaired by Daud-uz-Zaman which prohibits discrimina-

tion on grounds of religion, race, sex and provides that women shall have equal rights with men in all spheres of the state and public life," he said. He said the womenfolk is

also increasingly involved in rural infrastructure development activities under the Food For Works Programmes (FFWP) and the Rural Maintenance Programme (MRP) are deserved exclusively for the destitute. Dr Haroonur Rashid said

the issue of discrimination between men and women in working places have significantly improved over the years. Nakamura said one of the

major changes that have occurred in the world of work over the last decades is the increase in the number of women in paid employment.



British Trade Mission leader Peter Lee addressing a seminar on British Technology and Infrastructure at a local hotel yesterday. Also seen are: Commerce and Information Minister Shamsul Islam (2nd-L), DCCI President R Maksud Khan (3rd R), UK High Commissioner in Dhaka Peter Fowler (2nd R) and FBCCI President Salman F Rahman - Star photo

Slow salvation of drowned ship

Mongla Port going to be risky for navigation

Mongla Port is going to be risky for navigation due to the slow salvation of a drowned Panaman ship at Poshur channel in the port area, reports UNB.

According to port sources, Panaman flag carrier ship MV Publina-1 which entered the port area on July 29 of last year, drowned due to unknown reason and was declared abandoned by ship captain A Semunas.

As per rule, the port au-

KHULNA, Nov 26: The thority decided to sell it as scrap to make the channel danger free and gave work order to Marine Salvage of Dhaka by inviting tender to complete the clearance work by August this year.

> But, due to inordinate delay, the recovery of the ship could not be completed in time which needs four months more. At present, the ship is being salvaged by cutting it part by part. Meanwhile, the sunken

> ship has become a threat for the port with the beginning

of dry season as the port area is being silted up and may face closure at any time.

The ship and two other cement-loaded barges that drowned between 3, 4 and 5 number buoys have blocked the return flow of sand and silt which was carried by the sea water during low tides.

Experts said if the ship moves slighty to east side. the channel will become totally blocked and no ships will be able to pass through the channel.



T Nakamura, ILO's Assistant Director-General for Asia Pacific Region, met the Members of Bangladesh Employers' Association at the association's office yesterday.

BB Deputy Governor urges banks

Help develop women entrepreneurship

By Staff Correspondent

The commercial banks should extend credit facilities to women to develop their entrepreneurship in the country, the Deputy Governor of Bangladesh Bank, ABM Mahbubul Amin Khan

He said " about 20 per cent families have no male members to feed them.

Khan said, Bangladesh was negotiating with the World Bank to get a 120 million US dollar special fund to use as micro credit loans.

The Deputy Governor was addressing the inaugural session of a seminar on "Bank Financing and Women Entrepreneurship" at the Bangladesh Institute of Bank Management (BIBM) auditorium yesterday. The session was also addressed by AHM Nurul Islam, Director-General of the BIBM and Bandana Saha of BIBM.

He said that women were doing well in some sectors as entrepreneurs, adding that the bank finance was one of the prime issues to support women in this regard.

"Bring women, waiting in the sidelines, under the bank finance," Khan said. He put emphasis on the women banking that was operating well in some neighbouring countries, like, Pakistan and India.

"Legally, women have no bar to have access to the credits, but there are some other problems," the Governor said and added that banks are still dominated by the males.

Dwelling on the term loans. Khan said the banks have increased term loan sufficiently creating direct jobs more than four lakh people during the last five years.

While talking about the recent inflation rate in the country, he said, price-hike of the food grains is mainly responsible for the current inflation.

"As inflation is high, we are tightening the grip on monetary expansion," said the official. However, he suggested for a clear food policy in the country because, "food is a very sensitive item."

Earlier, in his address of welcome, BIBM Director General AHM Nurul Islam

said, due to gender inequality and inferior status, women in the country remained vulnerable, subordinate and depen-

"Traditional socio-institu

tional norms, customs and

beliefs deter women from participating in socio-economic activities," he said. Chowdhuri said, it had often been alleged that the

female entrepreneurs were being refused bank finance on the ground of their femin-He said only availability of

finance cannot ensure entrepreneurship development in the absence of non-financial supports and sustaining



A B M Mahbubul Amin Khan, Deputy Governor of Bangladesh Bank, speaking at the inaugural session of a seminar on Bank Financing and Women Entrepreneurship organised by Bangladesh Institute of Bank Management (BIBM) yesterday. The function was presided over by the Director General of BIBM, A H M Nurul Islam Choudhuri.

Corruption corrupts the economics of Bangladesh

By Robin Davies

Corruption has corrupted the economics of Bangladesh. Next year, when the balance sheet of a quarter century of independence is drawn up, the failure to alleviate poverty merits first place. Because the failure is so conspicuous, despite 25 years of repeated policy pronouncements and development planning! Many reasons will be cited in excuse. Probably the most important will not be mentioned. The insidious effect of corruption on the national psyche and the way it has led, through short-termism, to the diversion and misallocation of scarce resources.

True, to paraphrase John McEnroe's remark about winning, corruption as an explanation is not everything BUT in the long run IT IS almost everything!

If a better life for the rural poor is ever to require more than a miracle, it will not be realised through striking moralistic attitudes. Nor more indicative planning. Nor will periodic anti-corruption drives-only used by new governments to discredit the previous regime do the trick. Only a widespread understanding of the overall implications of corruption and its effect on economic rationality is likely to do this. Only when there is a viable system of local gov-

ernment providing basic

services to the lower spec-

trum of society, that is PUB-

LICALLY ACCOUNTABLE and

free from clientalism, will

there be a possibility for lasting improvement in the majority's human welfare.

The reason for saving this is simple. People's decisions are invariably driven by their perception of the economic environment that surrounds them. If that environment is made up of patronage and nepotism, administrative corruption and bureaucratic intervention, official self-enrichment programmes and protection rackets, accounting fiddles and kick-backs, when bribes for political favours at every level become institutionalised then, the resulting climate of individual decision-making will be its mirror. In other words, the majority of the population who are marginalised, adapt to the everyday business of living by using their own rules of thumb to cope with the patterns they see around them. Thus the reality of behaving dishonestly — whether in small ways or big ways and at whatever level of society develops its own rationale.

Breaking out of this selfreinforcing spiral will only come about when the hard reality of the costs of corruption becomes more widely known in the public consciousness. The lesson of today's successful economies is that genuine employment creation comes with a price tag. And the only currency acceptable is a competitive and open business environment. Until the government creates such an environment, where the ordinary citizen

can work without fear of officially sanctioned venality, deep-rooted change is unlikely to be forthcoming in Bangladesh.

By and large, studies of Bangladesh and reports by international organisations ignore or gloss over the problem of corruption; and few economists have tackled the issue. This is counter-productive. Without exposure how can a problem be tackled effectively? This article attempts to further this necessary pre-condition of arriving at a national consensus by first explaining the economic effects of corruption. It ends with a few suggestions on administrative reform because, without a corruptionfree bureaucracy, building sustainable economic development in a poor country becomes that much harder.

To make the argument as simple and easy to follow without sacrificing its inherent logic, two common sense assumptions will be made at the outset. That a country's economy can be divided into two — the public sector and the private sector. In any thriving democracy it is obvious there is a natural tension between the two. However, the conflict can only become unhealthy and detrimental to the private citizen at large when two things are allowed to happen. When the prime function of the market — to impartially allocate the dis-

tribution of resources - is

usurped, either partially or

wholly, by the uncertainty of

bureaucratic decisions. The second ingredient, is when the state's officials exercise a wide degree of discretion in the performance of their duties, and where the level of public accountability is low. Where the two co-exist, the overall braking effect on economic growth is compounded.

The second assumption,

though startling at first sight, is self-evident. Corruption cannot be eliminated, it can only be contained to manageable proportions. This harsh statement derives from economic analysis. The optimum level of corruption is not zero. Corruption has a social cost. Cleaning up corruption is a socio-economic benefit that always incurs an economic cost. Arriving at a level of nil corruption will prove prohibitively expensive. Costs to society must thus balance in terms of expected benefits. Logically speaking, there will always be a point at which the further eradication of corruption will outweigh the benefits. Keeping such costs down, especially when a government has a cash flow problem, inevitably means there will always be a breakeven level for acceptable corruption.

The policy implications to be drawn from the preceding points are clear. To promote a competitive and open business environment in which people can exercise choice while, at the same time, remaining cost conscious, sug-

gests targeting the main cul-

prit — the public sector. Concentrating on the public sector, often disproportionately large in least developing countries (on one count. Bangladesh has 274 ministries, divisions, departments and other organisations of the Government), will prove the most cost-effective way of reducing the harmful impact that corruption can have on the average citizen and private business.

In targeting this area, a number of economic tools are helpful in directing remedial analysis. "Trade-offs" "Transaction Costs", "Rentseeking" and Market-clearing prices", are concepts of particular use. To take them one-by-one. "Trade-offs" are a particu

larly useful insight for under standing what happens at the public level. Basically, there are two entities involved Government policy and those responsible for managing it On the other hand, all the lower echelon personnel charged with carrying it out vis-a-vis the general public and its representatives. Here, economic analysis shows that officials interfacing with or dinary citizens will be strictly honest ONLY if the disadvantages of not doing so outweigh the immediate advantages of using their position for private gain. If the penalty of getting caught acting dishonestly can be discounted, if there is no real incentive to perform well then the civil servants cor

ruption/anti-corruption ratio

will always point one way.

Seeing bribes in the form of "Transaction Costs" is another approach to show the inefficiency of corruption. Strictly speaking, bribes can be seen as an additional cost to be paid for facilitating any type of business operation when the market is not operating properly. Where bureaucratic uncertainty and where ignorance of the required degree of palmgreasing is high, goods and services are not allocated efficiently but through the arbitrary hierarchy of bribery.

Overall, unpredictable bribery levels - which translate into arbitrary decisionmaking - imposes additional costs on the private sector which, in turn, deters business expansion and maximization. Far more seriously, for a country like Bangladesh which is so heavily dependent on foreign aid and which has not been successful in pulling in foreign investment on the scale of neighbouring countries, such "transaction costs" deter long-term foreign investors. Given the choice, they shy away choosing other country localities with a lower level of bureaucratic hassle and economic uncertainty.

(To be continued)

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Hanoi approves \$30m drug control plan

HANOI, Nov 26: Vietnam has approved a 30.4 million dollars master plan to stop drug production and abuse in the country, an official said here yesterday, reports Reuter

The plan, signed on Friday by Vietnamese Prime Minister Vo Van Kiet, aims to stamp out cultivation of the opium poppy from which heroin is refined in Vietnam by the year 2000.

It sets out a detailed list of steps to eliminate drug trafficking, transport, storage, use and addictions. An official of the Labour

and Social Affairs Ministry. who declined to be identified, told Reuters the plan had been worked out in collaboration with the United Nations Development Programme (UNDP).

The official Vietnam news agency (VNA) said on Saturday that the Vietnamese government had pledged 160 billion Vietnamese dong (14.5 million dollars) of its own money for the project and had revived a further 15.9 million dollars from foreign donors.

Vietnam wants closer international cooperation on the control of narcotics-related chemicals and pharmaceutical production and businesses, it said.

Tk 68.9cr rural dev programme in Tangail

TANGAIL, Nov 26: Government has taken up a Tk 68.9 crore rural development infrastructure programme in Tangail district in the current fiscal year, reports BSS.

Official sources said that under this programme, 912 km long infrastructure will be built at Tk 48 crore to connect growth centres. Taka three crore will be spent for Hatubhanga bridge on the river Bangshai. Taka five crore will be spent on bridges and culverts.

Besides, road side tree plantation on 114 km long road will be done at a cost of Tk 42 lakh 71 thousand. The rest will be utilised to acquire 16 hectares of land, the sources added.

The works will be done under the supervision of LGED.

553 FWP projects being executed

Another report says: A total of 553 projects are being implemented in the district under the food for works programme (FWP).

Official sources said that the projects are being implemented in eleven thanas and three poura elakas at the expanse of 973 metric tons of wheat.

The projects included the development of schools, educational institutions, orphanages, mosques, mandirs, clubs, playground and repairing of katcha roads.

France records trade surplus in Sept

PARIS. Nov 26: France recorded a trade surplus of 7.87 billion franc (1.62 billion dollars) in September in a sign that the country may be weathering to diplomatic storm over its nuclear testing programme, according to seasonally-adjusted figures published Friday by customs authorities, reports AFP. The surplus which

brought the annual figures to 79.33 billion franc (16.32 billion dollars), was slightly down on the August trade excess of 8.44 billion francs (1.74 billion dollars), but indicated that calls for a boycott of French goods over the nuclear tests were having little impact, authorities said.

Despite calls for a boycott over the French testing programme currently being conducted in the South Pacific, French exports to Japan remained strong in September. rallying to 2.9 billion francs from 2.5 billion francs in August and 2 2 billion in July

But against other European Union countries as a whole. France maintained a healthy surplus in September of 2.9 billion francs as against 2.4 billion in August.

Various groups in a host of countries from Scandinavia to the Pacific rim have called for a boycott on French goods since the first test was con ducted September 5