

Pivotal Point

With his intimate knowledge of the progress and direction of the Indo-Bangla water talks, Minister Abdur Razzak visualises that resolution of the Ganges water sharing problem needs political decision at the highest level of the two governments.

Razzak has only spoken of the inevitability of political will at the summit historically delivering the final result in water negotiations between the two countries.

The Indian political intent to resolve the vexing issue with Bangladesh has been palpable. And it has also duly drawn upon the highly positive inclinations shown by the major political parties to an early settlement of the question and the consultations presumably held by the central government with the relevant state governments in this behalf.

Razzak maintains, on the strength of expert opinion and data, in reply to a question at the press conference, that the Ganges water flow at Farakka remains at the 1977 level or may be even a little more than that.

Razzak's mooted this all-important quantum point just before homing in on it in New Delhi is not without significance. He is confident that with a friendly country it will not be queering the pitch; on the contrary, he may have set a goal for both the countries to reach in a spirit of mutual accommodation.

World-class Dhaka!

LGRD and Co-operatives Minister Zillur Rahman hopes to turn Dhaka into a world-class city by March next. The news could have been greeted with euphoric jubilation but for the deadline.

If a government really wants to develop a few world-class facilities during its tenure, it can surely do so but we seriously doubt six months' time is enough for any one of the many physical facilities that go into the making of a world-class city to be in place.

It is doubtful whether we could, even with the help of an Aladdin's magic lamp, build a transportation system — including either tube railway or circular subway — a park or garden of world class, a museum like Louvre, a library like the British Museum Library, a music hall or theatre house like the Royal Albert Hall or Broadway at all within such a short time.

For a city still finding itself under knee-deep water after a moderate shower, grand visions like those seem quite out of place. Then, of course, physical facilities are not all; a city continues to grow over a long period. A process is at work by which a huge number of disparate and unrelated people acquire urban habits and abide by rules to live peacefully in a competitive environment.

We do not know what criteria the LGRD and Co-operatives minister has in his mind for lifting Dhaka up to a world-class status. But we are sure that this city falls far short of being a cosmopolitan one. The urban sophistication is conspicuous by its absence. The little infrastructure we have built is subjected to improper use or even abuse by the public and neglect by the authorities.

Fight for Kabul

Amidst conflicting reports on the willingness of the warring parties for a ceasefire, fighting for Kabul is continuing. The Taliban militia is not under immediate threat to lose control of the capital but ousted government forces of Ahmad Shah Masood are inching towards the city.

This is very significant. Is Dostam trying to keep his option open for an alliance with the Taliban in future or is he looking forward to wresting a better bargain from the ousted government of President Rabbani once it retakes Kabul? If Dostam felt threatened by the Taliban advance towards north, where he lords it over a vast territory, his support can be seen as a wise strategic move.

The Taliban have vowed to fight till death. So general Masood alone may not overrun Kabul soon. In that case the on-going international mediation for peace has to be continued to avoid further bloodshed. Pakistan must not try to outdo the international effort because it is not acceptable to both parties.

IMF Conditionalities Versus Economic Realities

The Bhutto government is to be commended for finally taking the dangerous political gamble of imposing taxes on its most loyal constituents, the farmers. Whether theory will really be converted into practice is another story. One believes that is a theoretical sop to satisfy IMF moves.

THE major reforms that the Bhutto government is depending upon to bail out the economy and the country from its present state of crisis are IMF dictations such as 1) controlling expenditures, 2) increasing revenue collection, 3) imposing financial discipline in public sector financial institutions, 4) imposition of farm taxes, 5) extending General Sales Tax (GST) to cover every product, and 6) reduction of defence expenditures.

Whereas most of the reforms sought by the IMF are neither uncalled for nor surprising, at least one does not reflect geopolitical ground realities. Almost all governments are guilty of excessive expenditure, mostly because of lack of control or deliberate misuse of funds earmarked for 1) entertainment, 2) travel, 3) telephone calls, 4) transport and fuel, 5) medical, and 6) personnel.

Revenue collection for the government's coffers can not be increased in the manner being followed today, the more draconian the measure the more the revenue staff will pocket it themselves. The accepted modus operandi to increase taxes on those already suffering under the burden while giving lip-service to snaring bigger fish in the tax net is counter-productive.

It is believed that IMF requires that Pakistan should reduce its defence expenditure by 30 per cent. IMF has not fought periodic wars initiated because of the actions of such an implacable foe such as India. Where control of defence expenditures may be considered desirable, reduction of the military budget in the geo-political circumstances we are placed in is not only next to impossible, it would be foolhardy.

The public sector financial institutions must have people with credibility at their helm otherwise we should expect more of the same financial discipline as at the present time. Each successive government has correctly identified that loan default is one of the major causes hampering economic growth but then goes berserk and makes the situation worse than the previous regime.

It is likely to be better off investing resources in buying technologies over the shelf than in developing new technologies on its own. Many serious observers who give credence to the results of Lau and Young believe that this is exactly what has happened in East Asia, and it would have been foolish for these countries to invest resources in technological advancement while still being much below the technological frontier.

What is conspicuous about this effort is its apparent defiance of simple common sense. A country that operates at much below the technological frontier is likely to be better off investing resources in buying technologies over the shelf than in developing new technologies on its own.

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AS I SEE IT

Kram Sehgal writes from Karachi

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Paul Krugman and the East Asian Miracle

M G Quibria writes from Manila

The pessimistic conclusion of Krugman, which is based exclusively on the careful scholarship of Lau and Young, has earned him the consternation of East Asian leaders. It may be noted parenthetically that this conclusion has also been at odds with the existing orthodoxy in many international development organisations.

IMF economist Paul Krugman has an uncanny ability to receive credit, and sometimes censure, for ideas that are not strictly due to him. Krugman, who is considered one of the most pioneering thinkers in economics today, made his academic debut — by challenging the conventional trade theory, which explains the basis for trade between countries, by laying the foundation for what is now known as the "new" trade theory.

Krugman argues that there is a striking similarity between the growth pattern recently experienced by Asia's newly-industrialised economies (NIEs), which include Hong Kong, Singapore, Republic of Korea, and Taipei, China and the Soviet Union in the 1950s. The spectacular growth of the NIEs, like that of the Soviet Union in its golden days of rapid economic expansion in the 1950s, has been essentially driven by an extraordinary mobilisation of capital and labour (including human capital), not by gains in efficiency (i.e., "growth in output per unit of input").

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people are never going to pay to the government's coffers what they have added on. Net result richer manufacturers, richer tax people. At the same time these manufacturers who are honest and pay the dues will be at a disadvantage as will these from abroad. Unfortunately our defence services do need constant modernisation and upgradation in the face of a relentless, implacable foe, such expenditure is not only necessary it is of vital importance.

conditionality. If we were not in a serious economic crisis why should the PM have gone all the way to New York to publicly eat humble pie even as she supposedly should have been in mourning for her dead brother? Certainly some of the IMF conditionalities are a necessary but bitter pill, hopefully one of the IMF conditionalities will also bring the corrupt on earth who have looted this nation to justice. Whatever money has been loaned to this country has landed up in the foreign accounts of our corrupt managers, political and bureaucratic, almost those directly in some cases. Are those US and western corporations who have given "kick-backs" and "commissions" any less culpable than the corrupt of this country? What about the naming a few among the government or the foreign companies and banks to be held accountable? To energise the economy we have not only to innovate and economise but also bring accountability into the economic process. We cannot blindly allow the IMF to set us on the course of economic oblivion without adjusting for ground realities.

pattern of expenditure on R&D is commensurate both with the predictions of economic theory and with the historical experience of economically successful developed countries.

The East Asian economies do not have any reason to be defensive about the fact that their past growth was not driven by technological progress, nor do they have reason to be pessimistic about their future economic prospects. A good beginning has been made to lay down an infrastructure for technological innovation, which certainly bodes well for these economies. Notwithstanding Krugman's rank pessimism, given the fact that the NIEs have followed a strategy of open, market-oriented development that ensures efficient allocation of resources, they are not necessarily doomed to repeat the failure of the Soviet economy. On the other hand, it is highly likely that, given the efficiency with which they have used their resources and the determination with which they are pursuing their R&D efforts, they will play a dominant role in the world economy in the next millennium. If that happens, that will be by no means a mean achievement for a set of economies that were widely considered pauperised as late as in the early '60s.

While Krugman may be precisely right in his narrow technicalities about the nature of past growth in East Asia, he will probably be dead wrong in his predictions about the future.

The writer is an economist with an international development finance organisation. The opinions expressed in this paper are strictly personal. The article is derived largely from an article the author contributed to the 5th Column of the Far Eastern Economic Review (22 August 1996).

To the Editor...

"Liberation War: Youth and Spirit..."

Sir, I appreciate the corrections pointed out by Mr Sarwar Hossain, maybe humble but a valiant freedom fighter. I regret for not being more careful while compiling the data for the article. I will definitely be more particular next time.

Akku Chowdhury Banani, Dhaka

Suggestion

Sir, President Shahabuddin Ahmed has suggested to impose a temporary ban on student politics while talking to the leaders of the Left Democratic Front on Sunday, 13 October. While the general students have hailed his suggestion the leaders of different student organisations have rejected it.

We know that students played important roles in different movements in the past. Their spontaneous participation in the Language Movement in 1952 is unforgettable and this movement accelerated the Liberation War of the country. In 1971, it was the students who built tough resistance against Pakistani forces and brought liberty. Last of all, it was the students who caused the down-

fall of autocratic General Ershad in 1990.

The BNP came into power in 1991 through a free and fair general election. But they failed to control student politics. Their student organisation, the JCD, established a reign of terror in most of the educational institutions of the country. Colleges and universities were closed since die and a number of students were killed. The situation has not changed much following AL's assumption of power.

I call upon all political parties, especially the ruling party Awami League and the opposition BNP to accept the suggestion made by President Shahabuddin generously and to reach a consensus on a moratorium on student politics to free the campuses from terrorism.

Md Aminul Islam Department of English Jahangirnagar University

Hail the President — stop students' politics

Sir, I was delighted to see the President asking for a moratorium on student politics. I had been writing to this column for quite some time past to express my views on the subject. I believe the President's call shall be supported by everybody of rational thinking, possessing balanced thoughts and practical visions about social life.

It is a pity that the major political parties failed to make any comment at all, let alone support the President. This indicates quite clearly that political parties do depend to a great extent on the power coming out of the students' muscles and not on the people's power which they profess. It is needless to say by utilising the student front as a force to attain political power the parties are destroying the very basic elements which constitute in the long run a society — "National Youth."

I do not like to say much about the claim of our glorious achievements through student movements and student politics. It is high time that the nation do sit with the cool head, analyse, calculate and take an account as to what we have achieved through student politics.

The national youth is being subject to constant process of moral and ethical destruction. A small percentage is trying to save themselves by getting out of the country and look for better education elsewhere. Only in India we have more than 65,000

of our students studying. Most of them do not have any intention to return to the country at all and settle here. Pages after pages could be written on the vices of student politics and as to why students should not be involved in national politics, but possibly this column is not broad enough for that. I would like to end by declaring myself in support of the President and call upon all to rally round him with a view to take a positive and bold step to salvage the youth and thereby the national future. Even though it is too late, but better be late than never.

Let there be a movement "Stop student politics" — "Hail the President."

Nurul Basher Khilgaon, Dhaka

Delay in loan recovery

Sir, Delay in repaying the bank dues in our country is a common practice. For changing this negative culture no effective steps has yet been taken. In this connection I want to mention here that the reform programme initiated in the early '90s has yet to bring any remarkable result in improving the existing loan recovery situation in the country.

The unusual delay caused by several factors in the loan recovery process confronted by a bank or any financial institution is the main constraint for acceleration of the loan recovery cases which is adversely affected by the prolonged process of the existing law. Instead of making it faster, the leakages and limitations of the prevailing laws slow down the whole process. As we know that under the existing system, while giving a loan the bank usually takes collateral security from its proposed borrower with a view to capitalise the same in a distress situation. But such situation evidences that due to the prolonged process of law, a bank cannot convert the security or the mortgaged property into cash as and when the loan become bad or default, causing a huge delay in recovering the loan. And this is the common scenario of our recovery system. Sometimes, we see that a person other than the proposed borrower stands as the guarantor of a proposed loan, although he is the main beneficiary of the given loan facilities. But as and when the loan becomes due or bad the guarantor may easily keep himself out of the reach of the bounds, at least for some time, just using the leakages of the existing law. In such cases the bank fails to accelerate its loan recovery process. As such, the present leakages and limitations of the existing laws to be removed at a faster rate by avoiding the unusual delaying tactics with an advancement of our court procedures.

However, only the changes of law with strictness may bring the desired result until and unless the heavyweight borrowers of the society do not come forward with their sincere intention to repay their debts in time. Their due role as the good pay master may improve the present situation a lot. As we believe that our new government is committed to keep the administration free from all sorts of possible irregularities and unwanted interferences.

In this regard, it may be remembered that immediately after the assumption of chair, the then government did take some bold steps, one of which was listing the heavyweight borrowers of the society with a view to taking stern action for improving the bad loan recovery cases. But unfortunately it failed to bring that desired result. Moreover, a recent news item of defaulting loan by a group of MPs amounting to Tk 31 crore is very much alarming, raising a question about the fate of its recovery.

Md Muhibul Abrar Chowdhury A B Bank Limited Bahaddarhat Branch, Chittagong