

BTV's Autonomy

Sheikh Hasina's government is pledge bound to give autonomy to the state owned media, especially to the radio and television. With that end in view, the government has also set up a commission to suggest ways of doing it most smoothly. The commission is reported to have done some work and is preparing its recommendations for the government. While we wait for the commission's work to be finalised, we would like to suggest that the government should, on its own, allow BTV to operate in an autonomous manner.

The point we would like to make here is that if the government is really serious and sincere about giving working freedom to radio and TV then why does it need to wait for the commission's views before starting the process? The Information Ministry can already, through an executive order, tell the BTV chief that it is free to run its own programmes without governmental interference. We would like to recall that without any change of any existing rule, BTV and the radio enjoyed functional freedom during the period of the caretaker government. Let the present government at least emulate the caretaker government in dealing with the state owned media.

The government needs to prove its bona fides in this matter. Already suspicion is rife that the government's promises about autonomy for radio and TV will meet the same fate as that of many other election pledges. This suspicion is fuelled by the fact that government footage is rising every day, with coverage of the PM and the ministers taking up as much time as we were used to seeing before. Apparently it is business as usual at radio and BTV and that we are back to where we started from. It has been reported that instead of relinquishing, the ministry is in fact increasing its control over both the content and participants of programmes on radio and TV. If the government is really interested in freeing the state media, then why this vice like grip?

To prove that it will really keep its pledge of freeing radio and TV, the government should immediately grant them operational freedom, not showing too much rigidity in sticking to the recommendations of the commission. If the present practice continues people will lose faith in the government.

Japanese Displeasure

So the simmering Japanese indignation spoken of unofficially for quite some time, has finally seen the light. The Japanese government is truly unhappy about the way Bangladesh has gone about utilising the financial grants and technical assistance from its biggest donor in the Far East. According to a conspicuously treated report in yesterday's issue of The Daily Star, a Japanese delegation asked Dhaka to take at least a dozen specific steps to clear the air of dilatoriness and inefficiency that hangs about Japanese aid utilisation.

Given the typical inclination of the Japanese psyche to taciturnity, it needs no briefing to understand that things must have gone beyond the absorption level of the Japanese idea about aid utilisation.

In fact, a Finance Ministry official was quoted to have said that though Japanese displeasure at the prevailing sluggishness was not aired for the first time on that occasion, public intimation of disapproval late last month, was an unprecedented instance.

One alluded factor leading to the whole process of undesirable procrastination in the disbursement of grant is the delay in issuance of acceptance letter and pass book. The report says that it takes the External Resources Division (ERD) and National Revenue Board (NRB) almost six months to clear those essentials. It is not only mind-boggling but also extremely frustrating.

It is indeed galling to be resigned to the realisation that we are yet to grow a system that can ensure timely utilisation of the foreign aid, still a vital component of our existence.

The tendency to play down the suggestions of Japanese displeasure at the government level is understandable but an immediate overhauling to remove all the tardy factors in the aid utilisation sector seems unavoidable.

Long Arm of Crime

Once again, a criminal act has been committed by some Dhaka University students, and once again, a dormitory has been used to perpetrate it. Unlike the victim of an incident that took place several weeks back — a non student who lived elsewhere — this one was a fellow student who lived in the same hall of residence.

Rabiul Islam was a student who also ran a computer business from the nearby Bakushah market. Some other so-called students, also residing in the same hall, decided to extract some money — amounting to Tk. 1.5 lakh out of him as ransom.

There used to be a time when students of the same hall formed such a close community that no one would even dream of hurting someone there. There was also no question of students being businessmen at the same time. Obviously, those days are long gone, and we have to accept the new reality of students having to earn while studying. What however, we are never willing to accept that campus cannot be rid of criminals. All those well publicized moves of ridding the campus of terrorists and criminal elements appears to have come to nothing. While we are happy that quick police action rescued the kidnapped person rather quickly, we are however, saddened to know that University halls of residence are still used as lairs of campus criminals. More vigorous action by the government is needed in this regard.

When Will the Bull Run Come to an End?

Why aren't the circuit-breakers able to control the price rise effectively? Who are the main buyers and what are their perceptions of risk? What is Selina Elwell trying to say? Will the market crash?

A lot has been written over the last two weeks in various newspapers on the prevailing situation in the stock market, and its problems and possible solutions. Most professionals are expressing their deep anxieties and warning about a crash. Regulators are trying to tame the bull by using Circuit-Breakers without much effect while the investors are jumping into the fray by thousands everyday. This crazy situation needs further analysis, since there are issues that need to be addressed for public awareness and for the attention of the policy makers. The issues taken up here are the following: Why aren't the circuit-breakers able to control the price rise effectively? Who are the main buyers and what are their perceptions of risk? What is Selina Elwell trying to say? Will the market crash?

**Role of Circuit-Breakers**  
There is no doubt that the bull run in both Dhaka and Chittagong Stock Exchanges have been continuing unabated over the last four months or so. By the end of June this year, the Dhaka Stock Exchange's (DSE's) All Share Price Index was about 900 which has now gone up to 3567 on November 14th, registering almost a 300 per cent rise. This has been taking place in spite of an increase (although not proportionately) in the supply of Initial Public Offerings (IPOs) of a number of companies and the recent flooding of some government shares of two foreign companies. Having been somewhat perturbed by such explosive rise in market indicators, the Security and Exchange Commission (SEC) introduced Circuit-Breakers of 10 per cent about two weeks ago and again reduced it to 5 per cent last week. Following these measures, there were some marginal corrections leading the index down by about 10 per cent but it came back again with its previous momentum.

However, the reasons why Circuit-Breaker did not work effectively are the following: it is fighting against a powerful pressure of demand in the market, and by its very nature, it is a temporary palliative and not meant to frontally attack the fundamental problem. If there is a strong optimistic expectation of buyers about the underlying factors that are going to push the prices upwards, then a measure like Circuit-Breaker, which is too weak a control tool, can only delay the price rise but cannot alter the expectation. This is what is happening in the market now. It can only delay what the market forces are going to bring about eventually.

But it has one positive side to it. It signals to the players in the market that the controlling authority has a different perception about the outcome of the current market forces than those of the buyers or sellers. This signal is important especially if there is distortion or insiders trading or any price manipulations, or other unethical or unethical forces operating in the market which the or-

inary uninformed/ less-informed buyers may not be aware of. Most of the informed and serious writings that have come out over the last two weeks indicate that there are some such manipulations and insiders trading going on. This raises questions: First of all, who are the buyers and how are their expectations formed? Secondly, what can be done about the price manipulations and insiders trading? The second question involves the effectiveness of the framework of law and administrative measures which are better left to the controlling authorities of the market and the government of the country. It would be useful to concentrate on the first question in this short paper.

**Buyers and Their Expectations**  
It is well known that since 1993, a number of foreign fund managing companies came to Bangladesh and invested in the stocks and debentures. But after Mexico's market crash in 1994, Bangladesh government introduced 'lock-in' period of one year. This had annoyed them. The new government has withdrawn that condition. Reports have it that foreign investors sold their shares and realised their capital. They are now watching the situation.

Who are the investors in the stock market then? It is the domestic buyers. Almost 70 per cent of the buyers are small investors from the ranks of small shop-owners, small business people, office assistants and junior officers of business firms, banks and government departments, pensioners, housewives, unemployed students who borrowed money from their parents and friends, villagers who sold their lands and jewellery etc. and similar other people. But there are also holders of huge amount of black money who want to make them white. The other 30 per cent are the institutional investors like brokers, share dealers and fund managers. There is only one public corporation (Investment Corporation of Bangladesh) which manages 8 mutual funds, one Unit Trust Fund and a number of Individual Accounts of savers. It is one of the biggest players in the market.

Three important features of the behaviour of these small investors should be noted. In the first place, they are least equipped to analyse the risk of the gamble they are taking. In the second place, they have no idea of, nor any concern about, safety measures in realising at least a part of their capital if the companies go bust while they are holding their shares. The Company Law, as amended in 1994, doesn't have any such provisions. Finally, people must not be carried away by thinking that the investments that are taking place in the stock market now are investments in the real sense. These are just transfers of assets from one form to another. Whether ultimately it will lead to increased net investments in the

economy will depend on the final outcome of the market situation. Everything else remaining the same, if there is a crash and if net losses of some investors are larger than the net gains of others, there will not be any net gains for real investments in the economy. If the opposite happens, there may be some net investments.

However, how do all these small investors form their expectations about the future price trend in the market? This is a difficult theoretical as well as empirical question. Economic theorists are still struggling with the complexities of developing such a model. It would be foolish to think in terms of adaptive expectation which simply looks back and extrapolates the past trend of data to the future and build expectations on that basis. Since Bangladesh didn't have any explosive stock price trend in the past, it won't help. Instead, all possible current and conceivable future events relating to the performances of the listed companies, development of other companies, debt burdens of businesses, growth of the economy, monetary and fiscal policies of the government, interest and exchange rates, attitude of the government towards businesses and political stability etc. will help in forming ex-

pectations (which is like the rational expectationist methodology). In the case of Dhaka Stock Market, the most critical element seems to be the spread of information about the prospect of immediate or short-term gains if anyone could buy a share of a listed company. Integrity of the quality of such information has acted as the catalytic agent in forming the expectations of these buyers. A network of communication and publicity through seminars and informal meetings seems to have been active in telling the potential investors in the city as well as in the rural areas about how money could be made in the stock market without much risk and without any tax liability. Rumours also played its role. Compared to keeping savings in the banks or in the form of savings certificates etc. for about 7 or 15 per cent annual interest rates respectively, buying and selling in the secondary or even in the informal market (or Kerb Market, as it is called) yielded much bigger income. With some assistance in the beginning from the share dealers in the market and a few days or weeks' experiences of profit-taking gave these new investors the self-confidence. They have learnt from the market and through their personal experiences of dealings

final stage — hijacking the ballot boxes, taking possession of polling booths, barring voters to cast votes by threats and casting votes by fake and impersonate individuals. It had gone even so far that quite a number of persons had lost their lives and many had been seriously wounded over the rivalry.

I feel deeply ashamed for this sort of political culture now prevailing in our country.

Nur Jahan  
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Prime Minister's trip to USA and entourage

Sir, My attention has been drawn on the commentary by Mr Mahfuz Anam, published on 2nd Nov '96 under the caption "How not to make a trip." I think he has made an impressive observation on this issue. His laudatory remarks may offend somebody. Prime Minister's trip to USA was apparently right or reasonable but actually not so. Mr Anam has rightly made his comments for future course of action. We are now passing through a transitional period in our national life. It was perhaps not the proper time to address the UNGA by our newly elected Prime Minister. It is very sad to know that the PM had not received major coverage in the US media. Neither she was able to meet with any prominent US leader or any leader from other countries who came to address UNGA. It was our Embassy in USA which was responsible for this sort of deeds. Why they have failed to arrange such meetings? How ever she had received tremendous response from the US investors.

It is the duty of our own embassy people to attract foreign investors. But they almost never do so. They should be given a target. If they fail to meet the target they should be returned.

Secondly, Prime Minister should be strict in the matter of selecting her entourage. The size of her entourage should be small. The big size will never serve the national interest but only fulfil personal interests. What is the justification to take Biman's Managing Director and Biman's General Manager (Security) as PM's entourage?

I express my thanks to Mr Anam for the good comments.  
S Z Panna  
Mohammadpur, Dhaka.

and transactions that supply of shares is too small compared to the ever increasing demand and hence prices are sure to go up. This is how their expectations have been formed. Acting on such expectations, they are dealing in the market and making many times over their initial investments during the last few months. Their experiences are spread to their friends and relatives and subsequently to the latter's friends and relatives and so on. One can call it a multiplier effect on new investors from the original few uninitiated ones. A visit to the DSE building and its vicinity will show that it has now reached a size of about 50,000 at least.

Based on such expectations, experiences of quick gains and experiences of others around him supporting his own expectations, people in large numbers are being driven to continue to invest and make money. They do not see any risk, nor the need for a look at the market fundamentals nor the end of the horizon when and how it will all end. It has turned into a wild fire. Gambling and speculations have become a matter of almost a faith for them. A desperation to make a quick-buck has seized their mind. This is the irrationality in the market now. The important question at this point of

time is whether the market is going to crash. Before answering this question, it is important to take up a foreign observer's advice to SEC.

Selina Elwell's Advice

Selina Elwell, Vice President, (International Private Banking), Merrill Lynch, who was invited as a specialist by SEC, advised, in course of her speech at a seminar, that 'diversification of financial instruments like bonds and warrants might give a relief to the over-

heated market'. This is what I have been saying too to the administrators over the last couple of months. However, she also emphasised them... urgency to find out a way to save the market from possible crash... enthusiasm (of the investors) should be kept unburnt in devising ways to overcome the crisis' (The Financial Express, Thursday, November 14, 1996, page-8).

After agreeing with most of what she has said, it is the point of 'enthusiasm (of the investors) should be kept unburnt' that I disagree with. Two points would be made on this. First of all, as has been explained above, the enthusiasm that one finds in the stock market now is one of gambling, speculation and the spirit of making a quick-buck without considering economic fundamentals, risks and the ultimate consequences. In my view, none of these can be condoned. People are moving away from the discipline of hard work to produce goods and services to gamble and speculate in the market which will eventually end in a crash. In addition, the real cost it is inflicting on the economy and the society is enormous. Business in the area around DSE building are coming to a dead halt, money is withdrawn heavily from other socially useful purposes, people in business houses, banks and government offices etc. are working less number of hours to take advantage of speculative gains in the market. These are indirect costs to the economy. Secondly, large number of speculators are going to get hurt anyway when the doomsday comes. People who will get hurt most are the latest entrants into the market. Once the rapid fall of prices begins, there will be no buyer and they will not be able to recoup their so-called investments. In view of that, it would be appropriate for the SEC and the government to take measures to gradually bring the market down closer to the proper financial worth of the shares.

Will the Market Crash?

I have no doubt that this

ultimately breaking the country into two. Even the western countries expressed discontent at his speech.

He was strongly criticised by the pro-Pakistani leaders of this region. In an editorial of Ittefaq Manik Mia designated him as an 'Indian agent'. However, this speech has great significance in the history leading to the liberation. Gradually the demand for regional autonomy got momentum which ultimately led to the mass political movement of 1969 and the election of Yahya and Bhutto not to allow Sheikh Mujib to form the central government. And that culminated in the Liberation War and the independence of Bangladesh.

Moulana Bhasani delivered another historical speech on 23rd November, 1970 after the devastating November 12 tornado in the coastal region. When he was undergoing a treatment in Dhaka at a hospital he heard the news of that most severe cyclone over BBC. Denying all the requests of the doctors and nurses he went to the tornado-affected area and found thousands of corpses and carcasses floating on the beach, and millions suffering under the sky without food, shelter and clothing. He appealed to the foreign countries including India for relief materials. Many countries sent relief but no response came from West Pakistan. He was very much shocked to see their indifference to the people of this region. Returning to Dhaka at Paltan Bhasani delivered his second important speech in an aggressive voice he said that the Cyclone of 12th November was the second devastating flood in the history of mankind after the flood of Noah. About 10 to 12 lac people had lost their lives and even after 10 days 4 lac dead bodies were floating and there was none to do anything for them.

The news of this catastrophe was covered by BBC, Radio Pakistan did not even give any news of it. He demanded the resignation of the central government as they always propagated for unity and fraternity between two wings but they did not come forward with any relief. Then he raised the slogan of 'East Pakistan Zindabad'. Millions of people also raised hands with him and slanted the same slogan. After the meeting a large procession paraded through all the important streets of Dhaka demanding the resignation of the government and calling for the cessation and independence of the eastern wing of Pakistan.

This speech of Bhasani also raised strong controversy over the relationship between both the parts of Pakistan. Gradually, the people also realised that the Pak-rulers were not our friends but masters and exploiters. The prediction of Bhasani was proved to be true. Though the light is extinguished the beacon still remains. We all should follow that path of non-compromise with injustice as shown by the Moulana.



Moulana Bhasani

Recalling Moulana Bhasani  
Kagmari Conference and Historic Speeches

by Prof Roushan Ara Hoque

TODAY (17th November, 1996) is the 20th death anniversary of our most magnificent leader, Moulana Abdul Hamid Khan Bhasani, the titan of our politics, who like a colossus had valiantly strode over seven most eventful decades of our national history. His flame of rebellion was always burning against all oppression and injustice and who always stood like a vigilant-giant to rectify the misleading steps of every politician of the time.

Throughout his life till the last moment he fought a relentless battle for everything that gave the oppressed and the exploited masses, gleams of hope for a better future. He always raised voice when no one dared to whisper against anti-people forces. Thus he left a treasured heritage of fighting for genuine causes without compromise for all the future politicians.

Milestones in the long political life of this titan of politics are many. Since the birth of Pakistan in 1947 its rulers were always encroaching upon the language, literature and cultural heritage of the eastern part of the country. They unilaterally declared Urdu as the state language of Pakistan, tried to introduce Arabic alphabets in writing Bangla, and infiltrated Urdu, Persian and Arabic words into it. They even declared Bengali culture as that of the Hindus of West Bengal. The progressive thinkers here were repressed, and intellectuals were threatened and compelled to follow West Pakistani culture. They tried in many ways to totally annihilate the Bengali culture. Though Bhasani appeared to be religious yet he was neither a fanatic nor a conservative leader. He never isolated culture from politics from everyday life of his followers. After every political and peasants' conference he always arranged cultural functions. He also used to call intellectuals to deliver speeches on burning issues of the day.

To prove to the world bodies the distinctive cultural and literary heritage and its difference from that of W. Pakistan's and to show the determination of the Bengalees to maintain their separate identity, and to stop the infiltration of Pakistani culture into that of E. Pakistan's, Bhasani held an International Cultural Conference at Kagmari five miles from Tangal where he can involve all his followers of Santosh.

The date was decided to be from 7th to 9th Feb '57. Within only two months time all infrastructural arrangements were done. Five mile road connection from Tangal to Kagmari was completed and grandly decorated with 51 pompous gate naming them after dignitaries of the world, i.e. Prophet Mohammad (SM), Mahatma Gandhi, Lenin, Stalin, Mao-Tse Tung, Nazrul, Iqbal, Titaener, Nehru, Subhash Bose, Keats, Shelley, Byron, Wordsworth, Rumi, Mani Abi, Hanifa, Al-Gazzali, C.R Das and others. The last one was named after Jinnah.

This appeal of Moulana Bhasani to stop exploitation and warning to his own party members were misunderstood by West Pakistani rulers and were twisted and misinterpreted by journalists who blamed him as trying to create disunity between the two wings and thereby destabilising and

and other western countries expressed their regret for not being able to attend the conference due to time constraints. On 8th Feb '57 the Conference was opened by H S Suhrawardy the then PM of Pakistan. Dr Kazi Motahar Hussain presided over the first session. Moulana Bhasani as Chairman of the Reception Committee delivered a long and fiery speech in which he said, "For the last 9 years Muslim League has deprived East Pakistan in many ways as a result of which this region has been transformed into a desert. For this reason Muslim League has totally been uprooted from here. The United Front is also following the same way. So I warn you all if East Pakistan is not given parity of power and regional autonomy and West Pakistan continue their exploitation then after waiting for one, two, five or ten years the patriotic people of this wing will bid Assalamu Alaikum to their West Pakistani exploiters."