

Administrative Reform

What could well have been a countrywide spate of administrative anarchy, as if the political stalemate was not enough of a worry already, has been thankfully averted. Prokrichi's Monday meeting with the Prime Minister has yielded a postponement of the agitation programme scheduled to begin from January 8 in protest against upgradation of 329 posts in the administration cadre.

It looked like a folly in common sense that one single cadre stood to benefit from a series of elevations while several other cadres under the same BCS tree were left out in the cold. Now, it seems, good sense has prevailed on both sides: Prokrichi, the 40-member coordination council of all other BCS cadres than the one-some Administration Cadre and the highest political authority in the country appears to be on positive territory.

Prokrichi has done well to decide not to hit the government below its belt and the government, for its part, has stepped out of the path of adhocsitism it had impudently taken — thanks to unsound advice from shortsighted, most probably, self-serving elements. In our previous editorial on the subject we wondered aloud as to why the more difficult yet the most vital task of service reorganisation stayed put on a back burner while a lot of alacrity is shown to dish out adhocsitism now and then which maybe pleased some but displeased most.

Therefore, our suggestion was for redoubled efforts to carry out the shelved administrative reforms which promise to put things on an even keel across the board. We are happy to note that the PM is leaving all the anomalies in the services to be removed by the Administrative Reforms Commission in due course. But can we help point out to the dampers the Public Administration Reforms Commission has had to come through within a short span of its existence? Its first chairman Ayubur Rahman resigned in record short time and so has Fazlur Rahman, his replacement, who had reasons to be distraught with the disinterest shown in allotting a proper office to the commission, let alone providing other logistics.

We believe there is plenty in the file cabinet already by way of accumulated recommendations for service reorganisation and reform. Let these be dusted, looked up and utilised at the earliest.

Welcome Flash at RU

If the Jamaat debacle in Monday's Rajshahi University Teachers' Association election is a news of the year so early in the year, there was something more unusual and satisfying in the same polls, meriting surely to be a landmark in the history of political development of this new-emerged nation.

The Awami League and Bangladesh Nationalist Party and the left parties together contested the election on one joint panel. This panel swept the election with an average per-candidate lead of 300 in a field 456 voters. BNP won the president and treasurer posts with five memberships. AL and the left parties won the Vice-President, General Secretary and Joint Secretary posts together with five memberships.

For once AL thus recognised a more vicious enemy in the Jamaat than the BNP. And, vice versa, BNP recognised AL was a lesser evil than Jamaat. It cannot be denied that this has been a purely local development depending upon purely local needs and that it will be downright foolish to expect this to have any influence on the national performances of these parties. And it will be very plainly wrong to see in it any beginning of any departure from the positions of the major parties.

Still this is no dismissable freak either. Far from it. On two counts this becomes an important event worth reckoning not only by politicians. First, this decidedly breaks the growing myth that AL and BNP, like Rudyard Kipling's East and West, 'shall never meet'. If the two feel that the nation as well as their parties would stand to win from some joint action, they would surely go for that. Unfortunately such a situation has not developed so far and the nation's weal continues to occupy a second seat after the prime politics of dislodgement of government or continuing in it.

Secondly, the Rajshahi results should come as a lesson for the Jamaat. Whether they learn from it or not, there is ample proof here of the bankruptcy of their policy of capturing and brutalising not only the campuses but the universities and colleges themselves.

The way to national progress must be for the time being negotiated by a two-wheel contraption.

Good for Cricket

We are delighted at the news of return of the nine-nation cricket meet to Bangladesh. It is no longer Sharjah. It was mooted to be Dhaka. And it is Dhaka.

Although a sponsorship wrangle has reportedly led to the last minute change of venue, Dhaka has no reason to feel it has won the race for venue by default. For sheer financial potential Dhaka Stadium is ahead of most cricket arenas in the world, let alone Sharjah where cricket as a culture is still struggling to strike roots.

But how a tournament that is not destined to see local participation will serve the cause of the game in this country? It will. And it will in more ways than one. The assembly of the nine Test playing nations will have a ripple effect of its own. Bangladesh's arrival on the world cricket map, if only as a host of a truly international and participatory meet will be trumpeted, as has been never before. Dhaka will be the centre of attraction for cricket authorities, cricket lovers and the businessmen around the globe. In fact, if all goes well, the impact of the cricket fest from October 26 to November 4 would be magical.

Apart from projecting Bangladesh as a viable and lucrative centre for such tourneys in future, the meet is likely to play magic in setting the stage for an avalanche of cricketing talents. But the meet would be a mere mercantile exercise if the Bangladesh Cricket Board gets too much hooked on the business aspect of the game and fails to address the requirements for the development of the game in this country. Because unlike more established nations, more precisely those who have the test status with an well entrenched image in the game we have not got anywhere yet.

The Asian Currency Crisis: Lessons for Bangladesh

by Dr A R Chowdhury

The government should encourage investments that generate foreign exchange earnings as opposed to those that encourage consumer imports.

THE currency turmoil that erupted in mid-1997 in Southeast Asia shows little sign of abating amid forecasts that the region's currency meltdown will persist in 1998. Since July, 1997 the US dollar has appreciated from a formidable 52 per cent against the Philippine peso to a staggering 120 per cent against the Indonesian rupiah. With Japan in the grip of a recession, and Thailand, Indonesia and South Korea at the IMF's door, the rest of the world can have no doubt now that this currency crisis will affect them. The turmoil that began with Thailand's currency devaluation is already putting a damper on the world economy. Recent forecasts suggest that economic growth in the world's leading economies could be nearly 2 to 3 per cent lower in 1998 as a result of this financial turbulence.

For more than a decade, Southeast Asian economies grew rapidly. Not everyone benefited equally, but the boom was quite widespread. There was a natural flow of foreign capital to regions with cheap labour, inexpensive land, and governments willing to build the infrastructure needed to produce goods. But gradually some weaknesses of these economies were exposed — the biggest being the misuse of capital. Corruption, greed and government interference diverted capital to areas that were unproductive and wasteful, such as, property development and securities speculation. Southeast Asian currencies pegged to the US dollar became overvalued as the macroeconomic fundamentals declined.

Thailand became the first victim of the currency crisis. Its economy was surging in the last decade, in part because Thais could borrow money at low interest rates abroad, in US dollars, than in the domestic market, in baht. Expecting strong economic growth, foreign lenders invested heavily in the country. With ever-greater amounts of foreign money at their disposal, Thai banks and finance companies lent generously. Given the stable exchange rate between Thai baht and US dollar, some customers borrowed heavily in dollars, while others squandered the loans on commercial and residential real estate.

In the meantime, the Bank of Thailand began running out of foreign exchange reserves to support the baht. Finally, on July 2, the Bank stopped defending the baht's fixed exchange value against the US dollar, and floated the currency. During the last six months, the exchange value of US dollar has more than doubled against the baht.

For the first time since the Mexican currency crisis in 1994, exchange rate pressure in Thailand spilled over to the currencies in the neighbouring countries, including the Indonesian rupiah, the Malaysian ringgit, and the

Philippines' peso. These countries had a number of features in common with Thailand. Indonesia, Malaysia, and the Philippines had all been affected by an economic slowdown in Asia. All had current account deficits and accumulated huge debt. Moreover, their financial sectors had large exposure to the real estate sector due to a phenomenal appreciation of property prices.

The devaluation of baht alerted currency speculators across Asia and led to panic selling by companies who wanted to protect themselves because of their large US dollar-denominated debt. They bought US dollar as a hedge against future devaluation. This led to a frenzy of selling of various Southeast Asian currencies and buying US dollar. Consequently, the rupiah, the ringgit, and the peso fell in value like dominoes in a row.

The panic spread to Hong Kong, where fast economic growth has been fuelled by heavy borrowing. One cause for this panic was the uncertainty about Hong Kong's ability to sustain its currency peg to the US dollar following the realignments of other Southeast Asian currencies. In addition, the US dollar's nominal appreciation of about 50 per cent against the Japanese yen since mid-1995 pulled the Hong Kong dollar along with it. Moreover, Hong Kong's inflation rate had consistently been higher than the US rate indicating that Hong Kong's currency had appreciated in real terms relative to the US dollar. Amid the mayhem, Hong Kong's de facto central bank, the Hong Kong Monetary Authority, stood firm and talked tough. It spent an unknown portion of its almost 100 billion US dollar pool of foreign reserves to defend the fixed value of its currency against the US dollar.

To defend the peg, the Hong Kong Monetary Authority reduced liquidity, thereby raising money market rates. Hong Kong's fixed exchange rate system, known as a currency board, gave its monetary authority a tool not enjoyed by

any other central bank in the region — an automatic and theoretically unassailable mechanism for keeping exchange rate stability — no matter how high interest rates must go. Despite a wave of currency depreciation that has swept through the various countries in this region, only the Hong Kong dollar has clung on to its peg to the US dollar.

The next domino to fall was South Korea. In early 1997, several Korean conglomerates, having borrowed heavily, went bankrupt. Bad loans in Korean banks began to rise. This led to a flurry of selling of the Korean currency, won, in the foreign exchange market. By mid-November, the central bank of Korea stopped defending the currency, and the won collapsed.

The current fears swirling around the Asian financial market has raised a new question: Is Japan next? The collapse of the Yamaihii Securities, Japan's biggest ever corporate failure, has called attention to its ailing financial system. Japan's banks are crumbling under a mountain of bad debts. The government is hesitant to begin a cleanup of the financial sector because the tax payers would protest at footing the bill. However, much is at stake here. If Japan waffles, investors may start selling off Japanese stocks and bonds and lenders may cut down on loans to Japanese borrowers. This would trigger more failures in Japan's financial system and would prolong the country's economic stagnation.

Events in the last few months in various Southeast Asian countries could affect the rest of the world in various ways. Probably the most important are the financial market contagion and the effect on trade.

It is well recognised that financial market turbulence in one country can trigger reaction around the world. The international integration of financial markets leave few countries unexposed. Interestingly, except for a few jolts, the currencies

A "Foreigner" Comes Home

by Dr. Fakhruddin Ahmed

People have a great deal of difficulty with the truth here. Moral values and public life have been placed on separate tracks — the twain never meets.

EXPATRIATE Bangladeshis prefer Bangladesh Biman as the mode of transportation to Bangladesh. Aside from sentimental considerations, it is the only airline that heads directly for Dhaka. Seasoned travelers are aware that Biman's in-flight service is very good, and that its ground services are not that good.

Bangladeshi-Americans boarded the Biman flight from New York on December 21, with a smattering of non-Bengali Indians headed for Delhi, and West Bengalis headed for Calcutta via Dhaka. Once inside Biman, a Bangladeshi feels halfway home. For the sake of the foreigners, I have always wished Biman's English announcements were a little more comprehensible. Right now, they are not!

Settling down in my seat, I began sampling Biman's audio selections. There was the recitation from the holy Quran, western classical and pop music, Rabindra Sangeet, modern Bengali songs, and surprise, surprise, old, old Hindi songs! I felt sympathy for the "shurooqas". All the haunting tunes, enchanting melodies are taken. They have to navigate through the minefield of existing tunes. Any infringement would bring charges of plagiarism. A "shurooqar" dilemma is that of a satellite launcher who finds that all the favourite orbits are filled, and that he/she has to chart a new course. The world of tunes, like the orbiting satellites, is extremely clouded.

Prior to landing at Dhaka, a stewardess handed me a disembarkation card meant for "foreigners". As I was mulling over the irony, the airport immigration officer rubbed it in even further: "Do you have brothers and sisters in Bangladesh?" After the usual, interminable delay in receiving our luggage, we exited through the customs, and were truly home!

What brings us back? The native soil, we are sons of, of course. The pull exerted by the native soil is enormous.

A Texan colleague had brought soil all the way from Houston to New Jersey to make sure that his new-born was born under Texas soil!

Having suffered respiratory ailments and allergic reactions on exposure to Dhaka's omnious pollution, this time I was determined to bring real, protective mask. The mask filters polluted air through two cartridges which traps automobile exhausts and particulate. On my second day, as I wore this out-of-the-world looking contraption, a handicapped beggar started laughing at me. I laughed back. When two people laugh for no reason, it is a free fall into the depths of laughter. The only difference between us was that I was laughing in fresh air!

Improved transportation made our obligatory trip to our ancestral homeland easy. We reached our destination near Fen in about four hours. These days village Bazaars are like mini-towns, complete with electricity, gas and telephone.

The only complaint I have is

alongside my all-time favourite vocalist, Lata Mangeshkar.

Biman's landing at Brussels was reasonable. The two landings at Delhi and Dhaka were too rough for comfort. The pilot seemed to descend too quickly. Only a few hours after we landed, another Biman would crash-land at Sylhet.

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Two songs by Runa Laila grabbed my attention: "Shilpi" and "Aanchal charona charona". I had not kept up with Runa since she was a teenage sensation in the fading days of Pakistan. Listening to these two songs reminded me how much she has grown in music virtuosity and stature. Caliber-wise, I have to place her

alongside my all-time favourite vocalist, Lata Mangeshkar.

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