# The Baily Star

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# Ostracisation Recipe

This time President Shahabuddin Ahmed has aired some radical views on how to remove the impediments to privatisation. He has called for building social resistance against default culture, corruption and unscrupulous trade unionism leading to an ostracisation of such purveyors of the vices. These are strangling honest and genuine entrepreneurship with the twin result that disinvestment of the SOEs remains a virtual nonstarter while the general growth of the private sector is also hindered.

Unless genuine businessmen and industrialists are helped to the forefront it is the Gresham's law of bad money driving good money out of circulation that will be the order of the day.

The silent majority of the society are apathetic to the palpably undignified presence of wilful loan defaulters, corrupt officials and tyrannical trade union leaders amidst us.

This type of revulsion, however, falls way short of a social boycott. Organisers of various social, seminarial or public functions could start a process of ostracisation by not perhaps inviting persons of dubious reputation to them. To make such a beginning possible the ruling party and the opposition need to act in unison to distance themselves from the big loan defaulters and trade union leaders who flaunt a clout by their undisguised affiliations to the political parties.

The President is abhorrent of the fact that despite the publication of defaulters' lists, at regular intervals, introduction of new laws and amendment to the old laws there has not been any visible sign of improvement in the loan recovery scenario. The imperative is not so much at the doorstep of the society at large as it is on the political parties' territory to jettison their conventional baggage of support to the defaulting heavy weights and self-serving trade unionists. So, the boycott should basically come from the political patrimony.

The President has sounded a warning against "unscrupulous persons with political clout who come to purchase nationalised industries on credit but never intend to pay off the price." Let's pay heed to it his timely advice.

## It's Getting Worse

Power shortage in the country crosses the 400 mw mark, screamed a national daily headline yesterday. With summer setting in pretty early this year, that is bad news for common people. Already sufferings due to power crunch have escalated frighteningly. Unscheduled load shedding is going on with maddening irregularity. Sometimes it is for five minutes, some times half an hour; in certain areas people fail to keep count of the times power supply goes off. Pressed by the twin menace of mosquito and power failure city's students are at the end of their tethers. Shortage of power is causing serious constraint in water supply too. Already it has assumed frightening proportions in some parts of the city. Among other evils home appliances are losing on durability due to frequent power disruptions.

With power, water and gas in short supply one wonders what more is there in store for the tax paying people, or for that matter, what the people has done to deserve this. What we are peeved by is the strange silence of the government on the continued debacle in the energy sector. Having castigated the previous BNP regime and trumpetted its concern and activism so much in this field what the AL government has so far done is big nothing to commend themselves for. It has signed contracts with foreign firms for power generation but hardly any progress is seen on the ground even after having well crossed the announced deadline. We counsel the government to come out loud and clear on the problems affecting its ameliorative initiatives in the power sector. People want to know why 20 months down the line the government has failed to keep its promises about improvement in the power situation.

Having taken heart in Sheikh Hasina's government's flair for quick decision we would like to remind it that it is not the treaties and contracts that touch the life of common people as do the daily realities like water, power and gas supplies. No party does its future any good by trying public patience for too long.

## Madame Courage

At a time when crime rate is spiralling at a mindboggling rate and the law enforcing agency is struggling to tide over it, here comes a fine example that may hold an answer to the problem civil society is struggling with now. Monowara Begum, a 38-year-old housewife from the city's Shahjahanpur did something Wednesday last that would any day do her male counterparts proud. Travelling by a rickshaw from her place to Jatrabari in the early hours of the day, she was attacked by two youngmen who wanted to snatch away the ornaments and other valuables on her person. The duo threatened her with a knife and made her hand over her earrings. What followed next was a refreshing departure from the victim's routine trembling return to the safety of home and the narration of the harrowing details to the near and dear ones and a few days of haunting nightmare. A veteran of similar experiences, Monowara grappled one of the hijackers and with the help people meeting around took the culprit to the local police station. What is remarkable about this successful challenge is that it was not own locality. Likes of Monowara are a rare breed armed with a natural instinct for resistance. This is what our society lacks most now: the courage to protest or resist thuggery. We are all too sequestered in our selfishness, indifference. Social responsibility is a forgotten notion. We don't bother if it does not affect us personally.

Monowara is our pole star. It is not the first time she stood up against a crime. She had captured armed dacoits and hijackers on four previous occasions. She has shown us that courage still lives in these days of cowards. We feel in Monowara's example lies a potential seed for social resistance against criminalisation of society. We suggest the government reward this fine epitome of courage. We salute you Monowara.

Founder-Editor: Late S. M. Ali

# Can the Stock Market be Revived?

Some people seem to think that the inflow of foreign private portfolio investments is the way out of the current malaise. Let it be said that foreigners will not rescue the market, they will come not for love for this country or its people but simply for making profits for themselves.

N January 21, 1998, the government adopted some bold measures with the intention of reviving the stock market. The Dhaka Stock Exchange's (DSE's) All Share Price Index (ASPI) on that date came down to a frightening level of 702 from its peak of 3642 on November 18, 1996. It has been declining further since then and at the end of the last week, March 19, 1998, it has reached the level of 639. The most puzzling issue is that in spite of introducing all these powerful pro-market measures. the ASPI has been coming down inexorably, as it were. Nothing is stopping its decline. The questions that are troubling every observer/ analyst now are: Why isn't the market responding to the government measures? How far can the market go down? How Can it be revived? It is vitally important at this stage to try to find objective answers to these questions if at all one wants to see the constructive role of the capital market in the economy. Although I have dealt with the first question in this column before, it seems there is a need for some further explanations and analyses of the issues involved. In addition, there is also a need for dealing with the last two questions.

The new set of policies announced by the government on January 21, 1998, are the following: The loan facility for the stock brokers and dealers was increased from 50 per cent to 60 per cent of the market value of their stock holdings (the market value to be determined was by the average value of their shares over the previous six months), four nationalised commercial banks (NCBs), two development financial institu-

INALLY, a new government

tions (BSB and BSRS) and the state-owned Investment Corporation of Bangladesh (ICB) were advised to support the market revival effort within their own resources, and 10 new investment banks were given licenses to operate in the market. Further, the government was also "thinking of allowing the companies to buy back if the share prices go below what the fundamentals say they should be". (For all these quotations, see The Daily Star, January 22, 1998, page-1). This last one hasn't been effective yet since it needs to be backed by either a law or a SRO neither of which has been passed so far. There are technical difficulties in passing such a law or SRO. For example, what will be the status of this portfolio investment by the company itself on its own shares on its dividend declaration and payment? This and other related points aren't

Under the present framework of laws, the companies cannot do this. Doing so would create a lot of difficulties which the government perhaps doesn't realise. However, in the advanced economies, the practice of buying back exists, but not by the issuing companies but by their underwriters which are usually the merchant banks or major stock brokers which act as underwriters. Even if it is made into a law, one is somewhat sceptical of its effectiveness in the present business and financial climate of the economy where availability of long-term investment capital

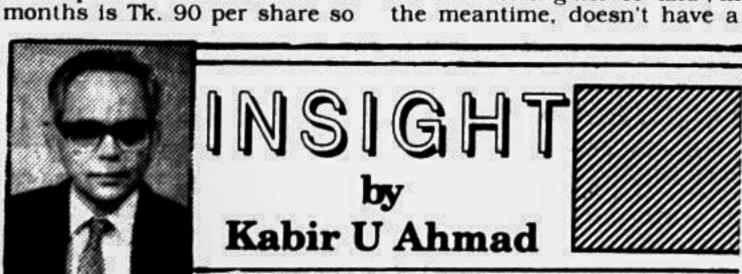
is short. It would, therefore, be useful to pay attention to the effectiveness of other measures

announced by the government.

Take the case of the increase of loan facilities from 50 per cent to 60 per cent to the stock brokers and dealers. There are difficulties in making use of this facility. Suppose a broker bought 1000 shares at the price of Tk. 100 six months ago investing Tk. 100, 000. Suppose its current market price is Tk. 80 now. Let us say that the mean price over the last six

Even after waiting for six months or so, he cannot sell his shares at a substantial profit so that he can earn some money after paying off his bank loans of Tk. 54,000 plus Tk 4.320 interests (Tk 58.320 in total). If the price doesn't go up substantially, he has to wait but his interest burden also goes up. He doesn't know when will the price index go up and, if it does, how far it will go up. The future

is thickly clouded and fogged.
Should he wait? He should. if he has strong nerves and, in



the total value of its share now would be treated as Tk. 90,000 for loan purposes. The stock broker goes to the bank for a loan and he gets, according to this new rule, Tk 54,000 against the security of his shares. He borrows this money at 16 per cent rate of interest which comes to Tk. 8,640 per year and in a quarter about Tk. 2,160. He invests this borrowed money of Tk. 54,000 in 675 shares at the current market price of Tk 800 per share. He waits for price rise of shares to make some profits.

But the market goes down incipiently instead of going up.

heart attack. If he cannot wait, he sells. Then he makes a capital loss. Should any rational individual go to take advantage of this loan facility? The straight answer is "no" if the uncertainty is too strong and prolonged. People or institutions who bought shares when price index was , say, somewhere around 1100-1200 or above, have been waiting for a healthy turn around of the market. But their expectations have gone unfulfilled and sour. No one knows how long they have to wait. The bottom line of all this is that very few individuals and institutions will buy

when uncertainty is very high and market is continuously sliding downward. In view of this, this loan facility is not effective. People will invest vigorously only when they will realise that the market has reached a threshold level on the downside and cannot go down any further. I am not sure that it has reached that point

The next question is why aren't the BSB, BSRS, ICB and the merchant banks, which have large investible resources, investing vigorously to bring about an upturn in the market? Three points should be noted here: (i) They face the same uncertainty about the future. (ii) eventually they have to give dividends to their share holders, and (iii) if the market is turned around by investing by some large investment banks and financiers, the entire market will be controlled by these institutions in which case an oligopoly or cartel of major financial institutions will de-

Ordinary investors will be victims of their ruthless market powers just as in October-November, 1996, ordinary individual investors were "slaughtered". This is not acceptable under any pretext and under any government. No oligoploy or cartel should be allowed to develop in any market, let alone in the stock market. People who talk of economic and social justice must resist such development. A competitive market framework must be

developed in every sector of the

and social justice. Laws must be framed accordingly. The final point about the

economy to ensure economic

current market behaviour is that it is not responding to any sensible medicine because of shattered public confidence and shortage of liquidity. People or institutions who invested when prices were high are now locked in a tight situation. Individuals investors, therefore, aren't coming forward because of lack of cash. To remove uncertainty, the old laws haven't been changed and the manipulators of the 1996 debacle haven't been punished. These points have been made clear before in this column.

Finally, some people seem

to think that the inflow of foreign private portfolio investments is the way out of the current malaise. Let it be said that foreigners will not rescue the market, they will come not for love for this country or its people but simply for making profits for themselves. If the opportunities for their profit aren't ensured, they will not come to invest their money. The worst thing that can happen is that foreigners will come to make money taking advantage of the legal loopholes in the stock market. Such a thing will be the greatest disservice to the economy. The government should plug all the legal loopholes first which will ensure operational transparency of the market, on the one hand. and accountability of the market players, on the other. This will provide incentives to the domestic investors to invest and then the market will be on a sound footing. No one will have to worry about the participation of investors any more whether domestic or foreign.

# BJP-led Government: Advantages and Disadvantages

Many see Mr Vajpayee as the mask and Mr L K Advani, the BJP president, as the real person in the government who would spare no efforts to implement party policies on different issues. He has been given the powerful home ministry that would deal with issues like "Ayodhya"

⊢in India led by the Bharatiya Janata Party (BJP) has taken over and this sets at rest whatever uncertainty hung over the formation of the government in the wake of the recently held midterm elections in world's largest democracy. A government led by the BJP was a logical corollary to the outcome of the national elections despite the fact that the electorate gave a fractured verdict. The BJP and its allies have to prove their majority in the floor of the house by the end of the current month. If they succeed in winning a vote of confidence, the new government remains in power but in case of failure the choice for the next opportunity, for a government would obviously come to the Congress which is the second largest parliamentary party in the newly constituted lower house of the parliament (Lokshaba).

The BJP failed to survive a majority test after the 1996 elections and the party was unable to find supporters who could help it remain in power and the government led by Mr Atal Bihari Vajpayee had lasted for only thirteen days - briefest period for any government in the independent India. The BJP had then 163 members in the house and it had supports from some smaller regional groups like these from the Haryana and Bihar states but their number was too inadequate for BJP government to achieve a majority to govern the nation. The party that time had shown its best possible electoral results after its amazing growth in the last few years mainly riding the crest of Hindu religious sentiments. It had looked for supports but failed to garner the necessary backing and eventually Vajpayee government had to quit rather than face a trial of strength in the floor of parliament.

This time the situation is better for the BJP since it has increased the tally compared to

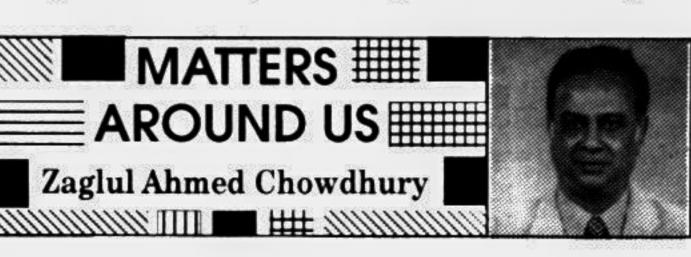
the last election's and found greater number of allies to provide it support. Besides, its allies have joined the new BJPled government and not a BJP government like last time's. As such the new government does not look as vulnerable as it was in 1996 although a victory in the crucial vote of confidence cannot be taken for granted and it could be a touch-and-go affair if the Congress, 15-party United Front (UF) and others opposing the new government make desperate bid to prevent it from securing the necessary support. However, the scenario appears favourable to the new government although something otherwise can not be totally ruled

The BJP-led government is walking a tight rope both in terms of mustering required support to remain in power and also maintaining a semblance of unity among various partners of the new government. The reasons are also quite clear since the BJP fell much short of the absolute majority in Lokshaba as it bagged 177 seats on its won while it crossed 260 with its allies joining. The number that is necessary for the support in the 545-member house is 272 but this figure could be less if some members choose to abstain from voting during a trial of strength. The BJP and its allies are still short of 272 but bank much on the possibility of some members refraining from taking part in the voting and the reliance for the new government seems balanced on the twelve members from the Telegu Desam Party (TDP) of the southern Andhra Pradesh state, whose leader chief minister Chandrababu Naidu is playing a hide and seek game as regards to his support to the new government. His party is a component of the UF

which is obviously at loggerheads with the BJP and belongs to a rival political grouping, but the TDP has other considerations. It is no less worried about the possibility of formation of a government led by the Congress which is its arch enemy in the

Andhra Pradesh. The TDP is in a difficult situation on the issue of supporting or help collapse the BJP-led new government. If it remains absent during the voting, that will amount to favouring the BJP given its political relations with the party. At the same time, if the government falls that would open up chances for a new government led by the

stability of governments. Even though the results gave no clear winner, the people want a government to continue in the office for a reasonable degree of time since they are disenchanted with the cycle of unstable pattern of governance. Many political observers feel that with 177 seats which is 36 more than the Congress, the trend of the election results favour this party and it should be in the helm despite controversies that surround it in several issues. It has also found allies ranging from the south to the north from secular Ms Mamta Banerjee in the West Bengal to socialist George Far-



Congress in tandem with the UF. Which course will Mr Naidu take? The senior leaders of the UF say that the TDP would not remain with other partners of the UF but the BJP leaders also maintain that the TDP cannot take a decision that would banefit the Congress. It remains to be seen how Mr Naidu draws up his strategy. However the leaders of the new government feel that they are in a position to win the confidence vote for a variety of reasons and it is plausible that they have reasons to feel comfortable.

Few foresee that the new government will not last barring unforeseen developments. The advantage of the new government is cynicism that has crept into the Indian body politics in recent years about the nendes in Bihar. These parties are small and they have no chance at all to taste the power in the federal government without being allied with a big party and hence they would like to see to it that the BJP-led government is not only installed but survives for their own interests. They have differences but both the major and minor partners of the government would seek to downplay the dif-

But the biggest advantage for the new government is its head Atal Bihari Vajpayee, who was declared as the prime ministerial candidate should BJP come to power. The BJP has critics for moderate Vajpayee but they had to project him as prime minister be cause it had to cash in on his image as a respected

and dynamic leader. The hardliners may question his credentials as far as his commitment to the main issues that helped BJP shot into prominence from an obscure political force to a major player in the Indian spectrum over the last fifteen years time. But for overall advantages they had to fall back on his moderate image and leadership qualities to

come to power. Many Indians may have reservations about the BJP and its avowed policies on such matters as "Ayodhya" issue. uniform civil code, status of the article 370 about Kashmir but they want to see Mr Vajpayee as the Prime Minister of the country. Fortunately for Mr Vajpayee, the BJP cannot pursue its policies on these matters because it does not have a simple government of its own but has to accommodate other partners' views and this had already been reflected in consensus national agenda. The BJP-led government can rule for some time without getting bogged down on these sensitive matters as the moderates in the party can always argue about their limitations in pushing forward them. However, Mr Vajpayee cannot turn a blind eye to BJP policies. But there is also other side of

the coin which may cause strains on the government even if it has no problem of support in the house. Whatever is said about the advantages of having partners, the allies will always seek to extract their share of the cake as far as possible. This has already come to the fore as Ms Javalalitha and others like Mamta Banerjee sought to dictate their terms on the matters related to their respective state's demands and also ministerial berths in the new government. There are partners or allies in the government which

has only one seat like the Janata Party of ebullient Dr Subramanium Swamy who wanted to bargain on becoming finance minister in the government. However, Mr Vajpayee could weather such moves at the initial stage. Many see Mr Vajpayee as the

mask and Mr L K Advani, the BJP president, as the real person in the government who would spare no efforts to implement party policies on different issues. He has been given the powerful home ministry that would deal with issues like "Ayodhya" and his dealing with different matters may cause tensions within the government unless he negotiates a wise and tactful path. Besides, the Congress and the UF together have more seats than the BJP and allies although quite sort of forming a government. But since the combine has a sizeable strength potential to come to power with only some supports, this will always be a factor jeopardising the existence of government. The support of Jayalalitha, Mamta Banerjee or Ram Krishna Hegde or even Haryana Lokdal may not be permanent for the BJP and if at least two of these parties like the first two lady politicians swtich sides, the Congress will come nearer at any stage to form the government if it is sure of UF support. However, all the UF constituents are not unanimous on the issue of supporting a Congress-led government in the event of collapse of the BJPheaded one.

The new government has to depend on its way of dealing with the partners. A threat from a reinvigorated Congress after Sonia Gandhi has taken the leadership will also remain a major headache for the new government. The leftists will always cast a close eye on the economic issues of the new Administration since the BJP is often considered as an organisation of the upper class Hin-

### The rape of a child

Sir, I am appalled at the horrified incident. But I am more appalled at the distrust of people towards the police force in general. Without any concrete evidence people pointed their finger to the police. If the culprit were not caught, suspicion would have prevailed. This incident shows that confidence of the people on Police has gone to the lowest ebb.

This attitude is dangerous and unhealthy for a free and democratic nation. Judiciary and Police are the defenders champions and safeguards of human rights in a democratic society. People look to them for protection. We sacrifice our freedom and money for this protection. This is the final bastion of hope. Whom should we look for help, if we could not trust the police or the judiciary? Will someone look into cause of erosion of confidence and suggest the remedial measure. Nothing less than our

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cherished freedom and democ-

racy are in danger.

### On Architecture

teachers' resignation Sir, This is to express shock and dismay about the BUET authorities' handling of the admission test controversy. which has resulted in the resignation of fifteen teachers of the Architecture Department. Of the twenty-two member faculty, only seven teachers now remain to run one of the country's most acclaimed schools. The future of

the whole department is now uncertain. Without going to the intricacies, let us ask one simple question to BUET authorities — why in the very first place was the existing system changed? The teachers of Architecture Dept. did not ask for it, nor did the ones who seek admission in the department, and the department indeed has been producing quality architects — a look at new buildings and interiors will justify the statement. When all others combine with the intent of forcing majority rule, which eventually ransacks a perfectly running system, what else could the hapless fifteen do but resign in disgust? Will the society take

Kamrul Hassan Rana Kazi Office Lane, Mogbazar,

### This is why we resign...

Sir, I am writing in response to Mansoor Ahmed's letter in The Daily Star on 19 March, 1998. To stand up for a just cause, to believe and have faith on one's own morality, to fight for justice, to not associate with wrongdoing are basics of a teacher's teachings to students. Maybe these are not said directly in class lectures but are always implied in actions and interactions. We, teachers of architecture, feel this more because we interact with students on a one-to-one basis across the drawing table in the design studio. It is our responsibility to display our faith in truth through our actions even outside the classroom.

I feel proud that the students I also believe that there

have shared our convictions. should always be ways to resolve differences through meetings, etc. We have attended meetings, stood outside doors while meetings were held inside in numbers I no longer care to count. Always, we have faced a wall, a wall where it is clearly written that it doesn't matter what you think, we have decided something and that is the best and that is the way it will

The authority has time and again told us here is the format of the test and you can make changes in it. They never had the sense to realise that it is the format that we do not agree

There is a time when the im-

portant thing to do is to disassociate with an insensitive authority. We had at a stage reached an agreement of kinds and the day after it was reached the authority violated some of its conditions, we were termed as liars by our colleagues (only to be proven right later). There is a limit to the assault one can take on his integrity and sense of justice. We have resigned because there is nothing else. there is no faith on the intentions of the authority. This has been later proven through their actions on our dear students, abusing them, even allowing them to be beaten up. There have been many hartals at BUET and we are witness to many. I have never seen such desperation on the part of the teachers to force students to class, in the guise of concern for students who wanted to attend classes. Where was this concern when the same teachers went on

strike for two months demanding compensation for their cars that were broken by outsiders? Lastly, there are two questions that one may ask the

BUET authority or Mr Masroor

1. Why was this change in

Ahmed may think about.

the admission test necessary when all was well for so many years? 2. Why for the sake of one

admission test BUET is willing to sacrifice a whole depart-

A Resigning Teacher Faculty of Architecture

## Imposed crisis

Sir. The new admissions

policy imposed on the Department of Architecture at BUET seems irrational and one more attempt by the other departments to undermine the authority of the faculty members of the Architecture Department. We have learnt about the resignations of teachers and about students boycotting classes, yet there is no clear indication as to why this strange policy was adopted in the first place. If the University is concerned about the quality of the tests that have been administered by the Architecture Department so far, then the standard of the tests should be raised and the screening process made more rigorous. The solution is NOT to RE-PLACE the test with the standard BUET examination test that precludes all students who do not have a background in science from even appearing in

the exam. Most of the academic institutions in the western world are

striving to open up their programs to attract students from as many fields as possible to ensure diversity and an enriched learning experience. If this new regressive admissions policy is adopted, it will endanger the heterogeneous mix of the student body at the Architecture Department, and also confirm that BUET is no longer an institution that is interested in making changes that are progressive and responsive to the needs of the time.

Hopefully, this crisis will be swiftly resolved without further harm to the students and faculty members.

Ferhat Zerin Architect, Skidmore, Owings & Merrill LLP. Chicago, Illinois, USA

## A second thought

Sir. We SHOULD BE more than confident that there are peaceful ways to solve this simple problem before it gets more complex. We cannot afford to loose the integrity of the Architecture Faculty with the BUET. Merging two disciplines. in terms of entry exam, will inevitably confuse the prospective students about the inherent meaning of the architecture discipline.

We believe that the respected Vice-Chancellor has the power to judge this simple logic and would influence his acquaintances to foresee the pernicious consequences of twisting the architecture discipline in Bangladesh. If there is a lack of

understanding among the respected decision makers about why architecture should have a separate entity within the datum of BUET administration, it would be an earnest request to allow them (representative of the 15 teaching staff who are in the process of extinct from the BUET teaching system) to open up a fare discussion. This process of democratic consultation is essential tool in Bangladesh, as this process initiates more ways to wrap up any crisis and shows us new ways to analyse issues of mutual interest as well as conflict.

In the profession, we architects need other expertise within engineering disciplines as much as they need us. There is no confrontation ever documented in any parts of the world between these co-existing disciplines. We can talk more and more as we always choose to do, we can take to the streets as we always have been doing and finally we can find the peaceful solution, but in the end, what we would loose is the enormous resources through this process.

Request to the respected Vice-Chancellor: This is simply improper. There is a simple solution to this crisis. Imagine your valuable contribution to the survival of the Architecture Faculty, which will bring the overall harmony of the BUET.

Please think about it: "one institute, two entry exams" is the only solution!

Quazi Mohd. Mahtab-uz-Zaman Department of Architecture University of Hong Kong