

## Too Hasty for the Purpose

Questions arise over the manner in which the CHT Regional Council Bill and the three Hill District Council Amendment Bills have been enacted through parliament. The passage was evidently hasty. We cannot help saying also that it has proved nugatory of the promise held out to the nation for a full-scale debate on a subject of vital importance the four bills crucially involved. They constituted the legislative business for the operationalisation of an accord that for months on end had been the target of agitative stridency of the opposition BNP. In purely strategic terms, therefore, the ruling party was expected to give the opposition sufficient time in the parliament to let off their steam.

Essentially one would have thought inputs from all political parties were welcomed to enrich the parliamentary debate. From the very beginning, however, the process got warped. Notices were served to move several thousands amendment motions in an extremely unwieldy fashion. In a disproportionate reaction to a disproportionate demand most of those were guillotined. What remained on the table were a ridiculously paltry number of motions from the BNP and Jatiya Party.

It is difficult to understand why the matter was not sent to the Business Advisory Committee (BAC) by the Speaker. The BAC could determine the turn of speakers and the time each one ought to take for a balanced discussion over the subject. The incumbent speaker said that he merely followed a precedent set by his predecessor. But surely a peace accord was not involved when the former speaker had ruled that shortening of the list.

We have been generally supportive of the CHT accord and the government's position on it but despaired of the way the bills have been pushed through the JS. The public remain as dark and confused about the issues involved as before. A transparent and fulsome parliamentary debate has been missed by them. This is not healthy for the future.

In some respects, the opposition BNP, too, is at fault. Their extreme negative posturing on the CHT accord with its doomsday hype over sovereignty sale-out, etc has been of little help to educate the public responsibly about the points at issue. They need sobering down to sound credible.

## Laksham Disaster

We are shocked. Seventeen passengers killed and another thirty injured in a mass transport system that should have been a model of safety and comfort! We think the circumstances under which the Chittagong bound passenger train from Dhaka rammed into some forlorn bogeys of a goods train at a place close to Laksham station early Sunday constituted the ultimate in professional indifference. Things should not get worse.

Although it is too early to arrive at a definite conclusion as the report of the enquiry committee is being awaited still, from signs available it is clear the accident was avoidable. The station master on duty at Naoti had no idea whether the track was free, yet he gave green signal to the passenger train to move. The negligence the goods train guard and the ignorance of its driver that some of the bogeys got loose and stayed still on the tracks made the disaster inevitable.

It looks such a throwback in time for more than one reason. First of all, such a primitive co-ordination arrangement should not have been there. Authorities by now should have been able to think up an efficient warning system. Secondly, how could they run passenger trains without a buffer between the engine and the passenger bogey? As a survivor has correctly pointed out that presence of vacuum fittings in the couplings would have minimised the damage greatly.

From the post-accident reaction of the concerned minister who chose to allude to good luck rather than managerial inefficiency and systemic flaw on the occasion and exhausted his share of responsibility with a mere order of a departmental enquiry down to the conduct of said station master and the somnolent guard, there seems to exist a web of indifference and inefficiency. All fingers have been raised at the station master and the guard and they have been promptly placed under suspension as an immediate action; but doesn't the blame lie more with the system that can afford to trifle with human lives and properties so unscrupulously?

It is time the government really rethought its approach to the railway system in the country. We do not think it is worth the interest of either people or the railway to expand spatially by keeping its managerial and maintenance aspect at such low levels of efficiency.

## Let it be a Mother's Year

Napoleon Bonaparte may have got many things wrong in his life. But few, if at all any, can contend what the French icon of ultra nationalism is attributed to have observed on nation and motherhood. The little man from Corsica once said, "give me a good mother I will give you a good nation". Indeed a good mother is of seminal importance for a family, society and ultimately nation. She is the one who is not only blessed with the unique power of conceiving but also nurturing the child in the dark recess of her existence and shaping him or her in life under the sun.

Perhaps it has been a quiet, unexplored tragedy for human species that it has, until now, not been able to plough this palpable wisdom into its familial, societal and national interactions.

Nowhere is this felt more than in a society like ours. Not only has it sidelined mothers in an overblown patriarchal culture but has also refused to redeem itself by opening out to the changing world. The result has been devastating. We have become known as a nation notoriously incapable of caring for our mothers, let alone children. The poor state of reproductive health and child mortality in this land is a matter of statistical woe for the civilised world.

This collective indifference and cruelty to mother has given rise to many dimensional grotesqueries in the society. Because mothers have so little effective influence on the children, society is increasingly slipping into chaos.

We must have the highest respect for them. We must commit ourselves at the individual and collective levels to exploring the fullest potential of mothers. It is not a ritual of a day — the Mother's Day — that we wake up to their conditions. It is the life after the day — every day of the year — that we need to use in soul-searching and attitudinal overhauling. We suggest the next year be announced as the Mother's Year.

# Economic Growth: Potential and Reality

*There is a tremendous lack in terms of political leadership without a vision. Perhaps we have remained so poor for so long that we cannot move very far from within our poverty ridden environment. Is it correct? Or, is it in the interest of the political leadership to keep us poor?*

WITHIN less than two months from today, the current financial year will come to an end. The budget along with the annual development programme for the new year is already under preparation. Donors are meeting today to review past performance and would pine for what has not been done during the year. Through new round of seminars, yet another series of analysis of the state of the economy has also been initiated. In the midst of a great deal of discussions as well as writings in newspapers, it has become clear that there is no dearth of opinion. The season of the economists is now in full swing and there is an abundance of comments and misgivings up in the air.

Basically, there is a deep-seated frustration about our economic performance because of the wide gap between potential and reality of economic growth. Bangladesh is a land of poverty, no doubt. However, it is not a desert without any resource beneath the ground. The arable land is limited compared to the population but the land is most fertile, capable of producing three to four crops each year. Its energy resources can yield billions of dollars each year which can be invested for human resources and infrastructure development. The multiplied effect of this investment can generate much more than the earnings from original energy export. The final manifestation of this growth process will be a 15 to 20 per cent annual expansion of the industrial sector including manufacturing so that the secondary sector could double its size ev-

ery five years and within a decade, we bring about the much sought after structural transformation of the national economy. Unfortunately, achievements on ground fall far short of our expectations.

There seems to be an enormous lack of understanding between the potential and reality. The total reserve of natural gas varies widely between 40 to 80 trillion cubic feet (TCF). Even if we assume the reserve at the lower end of the scale (40 TCF), then an average export of one billion cubic feet per day for the next 20 years, would commit less than 20 per cent of the potential reserve. Why can't we commit this much for export and reduce the gap between potential and reality of economic growth? It must be noted that coal mines in Europe and United States were closed down long before those mines were exhausted since better substitutes were available. Similarly, the age of petroleum is likely to come to an end within the next thirty years. Nitrogen from atmosphere and solar power would become the major source of energy. Therefore we must capitalize on our energy resources now and use it for developing the country. Otherwise, it will be too late. We will miss the boat forever.

We must understand that without massive industrialization, we can never graduate to a middle income country with an annual per capita income of around US dollar 1,000. Poten-

tial of sustainable growth of the crop sub-sector is inherently limited. For example, last year, there was a bumper harvest of food-grains at 20.3 million tons. This year, if we match the record production of last year, the performance should indeed be recorded as very good, although it would imply zero or marginal growth of the crop sub-sector.

The prospects of sustained growth exist in fishery and livestock sub-sectors. However, their size are too small. In

ing, growth on a broad front which is the key to sustained economic growth.

The general view is that if there is sufficient electricity and bank credit, private sector is likely to come up in a big way to boost industrial investment. However, with 30 to 40 per cent system loss of public power companies and no additional power generation either from public or private companies, power crisis is likely to continue for at least another year — if not more. Financial sector

will bring in the DFI as well as local investment. It would augment public revenue. Above all, it would truly restore the confidence of private sector. Textile, paper, chemicals, fertilizer, steel and engineering, ship building and numerous other industries should grow many-fold in Bangladesh, provided existing plants and facilities are transferred to efficient and modern corporate management. Privatization is the only answer. Government must understand.

Once privatization is undertaken in right earnest, industrialization will move ahead and achieve its full potential. The interrelated nature of privatization and industrialization must be fully understood. In the midst of large loss-ridden public enterprises, healthy and efficient private industries cannot flourish. On the other hand, existing public asset once transferred to efficient hands would create the ideal framework for rapid modernization and expansion.

There is a widespread belief that manufacturing development in Bangladesh will always be constrained due to cheap imports (legal or illegal) from India. In the age of liberal market economy, we have to compete and survive. It must be remembered that the most rapidly expanding garment industry faces competition not only from India but from all over the world.

If so, the entire textile subsector comprising spinning, weaving

## Window on Asia

Shahid Latif

OPENING up, globalization, integration with the world economy etc. were the buzzwords among the elite and in the corridor of power in developing countries till recently. But the financial crisis in the East and Southeast Asian countries and rapidity with which it engulfed the region have helped at least temporarily to subdue the spirit and vigour at which the idea was being propagated. Actually what puzzled most of the pundits of economics is the magnitude of adverse financial effects the crisis has caused and the period it continued to chew the economic fortune of the unfortunate people of the region.

The irony of the event is that the countries which have been severely affected by the crisis were being showered with praises for the economic liberalization they were pursuing. Now after the debacle, the very liberalization is being seen as the facilitator of the mishap. Taking the advantage of easy-coming money came into the economies. Again utilizing the opportunity of easy-going, money went out of the economies leaving the nations stunned, poorer by a generation and with prospective grounds for social unrest.

### Indonesia's Case

Let us take the case of Indonesia, a country which was promised to give an economic model of development to Bangladesh in the late-80s to mid-90s. A country of 202 million people with lot of natural resources, Indonesia was seemingly doing well up to mid-1997. Only last summer economists in foreign banks, the IMF and World Bank agreed that the economy was fundamentally sound and not at risk of suffering Thailand's problems, because it had a smaller current account deficit and allowed its exchange rate to float within a wider band. Yet less than a year after, Indonesia is Asia's basket-case today. The rupiah, Indonesian national currency, has lost the most in the financial turmoil, even selling below 10,000 rupiah against one US dollar in February while a year ago the exchange rate was around 2,400 rupiah.

The loss in the value of rupiah has been translated into the price-hike of the commodities.

### Have They Gone Too Far, Too Fast?

by Dr Munim Kumar Barai

*The crisis in East and Southeast Asia has an important lesson to offer to the "developing rest" — in their eagerness to opening up of their economies they should not repeat the mistakes.*

Indonesia's consumer price shot up by 12.8 per cent alone in the month of February, to give a 12-month inflation rate of 31.7 per cent, the country's highest since the mid-1960s. A prolonged drought due to El-Nino phenomenon has left Indonesia short by up to 4 million tons of rice this year. As prices of staple food rose, so rose the hatred and suspicion against the ethnic-Chinese, a typical way of Indonesians' response to economic problems. Anti-Chinese riots flared up on the islands of Java, Sumatra, Flores, Lombok, Sulawesi, and many other places and it has led to the fleeing of Chinese minority to Hidu dominated areas inside Indonesia or even to Hong-Kong and Singapore. Boat-labourers started reaching Malaysia. And many thought if things could not be controlled immediately, Indonesia might head for a social anarch.

Trends might not be very different in Thailand and South Korea, the other two "Tiger economies" of the East and Southeast Asia. So few broad questions have appeared — has the process of globalization anything to do with the present miseries of these countries? What can the "developing rest" learn from them for their short and long-term processes of liberalization to integrate their economies with the global market?

### Globalization

When we talk of globalization we talk it as an economic approach through which growth and development could be attained. And in the way of understanding the benefits of the approach, most of its supporters have cited the examples of East and Southeast Asian countries and tremendous progress these countries have made in the last two and a half decade. Outward orientation or in essence globalization is done by implementing a host of measures like market friendly policies, free-trade, low taxes, em-

phasis on export for growth etc. These measures are supposed to have attributed to the amazing growth performance of the East and South East Asian economies in the past. Though there may be a debate among the economists regarding the qualities of growth in the region, the plain fact is that liberalization and globalization of these economies have played the most significant role in their growth process.

### How Far and How Fast?

In the 70s and 80s when the countries were opening up their economies vigorously, foreign money began to come to this region in a big way. Further liberalization in the financial market brought good weather money in the stock market. As a mark of growing confidence in these economies, foreign capital became easily available at a cheaper price. So the local firms, banks borrowed heavily in the international market.

Much of the bank money went to either crony borrowers or to property developers. The cheap money were used for factories over capacity generation in the hope of exports or for mega projects which have significance in the show of pride rather than property. The cosy relationship between government, banks and firms insulated business from market forces, encouraging excessive borrowing and a wasteful use of resources. The single biggest mistake these countries have done by keeping a sort of unchanged pegging of their currencies with the US dollar.

What to be observed here is that over a period of time most of them have developed a larger trading interest in and around the region. So an appreciation of the dollar against yen from mid-1995 automatically pulled up the prices of their currencies and eroded the competitive edge of their products in the international market. This led to a slowdown in the growth of their

exports which contributed to an increase in the current account deficits in most of the countries. This inevitably built up a pressure to devalue their respective currencies.

At its low point, the rupiah was more than 80 per cent down against the dollar, and the currencies of Thailand, South Korea, Malaysia and Philippines have all dived by 35-50 per cent. These countries' foreign debt burdens have therefore swollen alarmingly in local-currency terms. Due to devaluation, the ratio of foreign bank debt to GDP has jumped from 35 per cent to 140 per cent in Indonesia. The result — most of the Indonesian banks and firms are now technically bankrupt.

The stockmarkets of the five countries mentioned above have suffered losses at least 60 per cent in dollar terms since the start of 1997 and the shares in Hong Kong and Singapore too have shared the burden of the beatings. An estimate by *The Economist* put up a figure of a staggering \$600 billion, the equivalent of two-fifths of the region's GDP, loss in the stock market's value as a result of the turmoil. Malaysia alone lost over \$160 billion, mostly in currency and stock markets.

As a post-mortem analysis pertinent questions come — had the countries gone too far and too fast with their globalization drive? Are they now paying price for their excessive openness?

Well, in an approach of export oriented economic development, countries particularly the developing ones must have shed their protective wall for investment. A liberal industrial policy is generally based on many financial and non-financial incentives. To attract local and foreign investment in labour and technology — intensive industries the East and Southeast Asian countries had to do the same. Again development of vibrant financial markets is a must for industrialization. Because only that can ensure the liquidity of the financial products of the general holders and the industrial units can go directly to the market for capitalization. A financial market which can fulfil these requirements cannot operate under a highly regulated and controlled market system. The East and Southeast Asian financial markets were no exception.

The respective governments were trying to attain the same objective from their financial markets as their economies continued to grow robustly. Moreover, the process of opening up of their industrial and financial sectors began more than two decades back to come to the present stage. So blaming the economies that they have gone too far too fast with their globalization drive does not seem to be based on practicality or ground reality.

But something must have gone wrong in their globalization process.

*The Economists* has listed "six deadly sins" that the Asian countries have committed over a period of time:

\* An artificially low cost of capital due to government subsidies, foreign banks' eagerness to loan and cheap dollar encouraged over investment in property and projects with inadequate return. So the virtue of high investment here has turned into vices.

\* Though credited with small governments, in most of the East and Southeast Asian countries they have intervened the financial and industrial sectors extensively during the past three decades. This led to develop underground economies as well as governments' pet monopolies in this region.

\* In recent years economies in this region have lost their much admired high flexibility so that workers and firms could not adjust to changes in demand and supply quickly.

\* Many of these countries have unreliable legal system, inadequate bank regulation and supervision, a lack of cor-

porate transparency and widespread corruption. In short, institutions have not kept pace with economic development.

\* Some of them have suffered serious shortage of skilled manpower in recent years. This has pushed up wages in manufacturing faster than productivity, eroding their international competitiveness.

**Conclusion**

Though for sometime, the currencies of East and Southeast Asian countries showed signs of steady and stock markets recovering, the economic crisis was likely to deepen as more firms and banks might go bust and unemployment and inflation rise. If these happenings cannot be contained in time, it could provoke a backlash against globalization and an anti-west feeling among the commoners. Moreover, governments have to implement necessary reforms to restructure their financial sectors, and to start to deal with weak spots of their economies — such as inadequate bank regulation, too much government intervention, corruption and lack of transparency. Then the level of growth in the near future may not touch the magic figure of 8-9 per cent, but this growth would be better balanced and more sustainable. The East and Southeast Asian economies still retain some important economic advantages over other parts of the world — such as their high savings rates and their openness to trade. These accompanied by reforms hopefully may bring them back to a good growth track. The sooner it happens, the better for them in particular and for the world in general.

The crisis in East and Southeast Asia has an important lesson to offer to the "developing rest" — in their eagerness to opening up of their economies they should not repeat the mistakes.

*The writer is a Faculty Member of BIBM, Dhaka*

## To the Editor...

### Woes of the retired personnel

Sir, Recently the government has introduced the new pay scale for the government employees as well as for the employees of autonomous and semi-autonomous bodies in view of the economic hardships caused by inflation and high prices of essential commodities.

The benefit of new pay scale has also been extended as usual to the retired personnel who have opted for monthly pension. But the retired personnel who have drawn lump sum amount as gratuity in lieu of pension have been allowed no additional benefit. In these days of economic hardship their condition is far worse than ever as they are supposed to spend the lump sum amount drawn by them to meet the various urgent long pending demands of their family like those of marriage of their sons/daughters, their education expenses etc. The employees have also been getting two festival bonuses for the last few years, but the retired employees are deprived of the same.

At late, there has been a lot of correspondence through the columns of the leading newspapers highlighting the predicament faced by these personnel in the wake of their retirement. Please... DS 13.03.98 my proposal of large-scale river-dredging (My letter: River-dredging DS. 21.02.98). I humbly admit

that I am a biologist and know almost nothing of geology, geomorphology or river morphology. My urge for maintaining riverine ecosystems is based on simple common sense and a little knowledge of bio-geography. So updating the database on river-channel morphology is a rather difficult job for me. Yet I feel it of utmost necessity to update everybody's knowledge, especially on the matters of his/her interest. Mr Matin has helped me in the process and can help also in the future, but some of his points are, indeed, questionable.

Mr Matin holds the view that large-scale dredging and flood control are exactly the human interventions that would actually disturb the riverine ecosystem instead of protecting it. Then should the humans not plan the riverine channels all by dredging, embankments etc., and allow the river's game of eroding one bank and building the other? If the natural river current is allowed its natural course of destruction (and construction), then why should we plan our families having less children? Is not the production of more children a normal, natural process?

Naturally, the humans should not block nor change the river-channels. But natural process of siltation, especially in the middle of rivers as in the Jamuna 'naturally' blocks the

natural straight course of rivers. That is why dredging is required to make the water-flow easy, straight and speedy