

Poverty Agenda

It is time the problem of poverty is taken out of straight-jacket fixations. This is not to court the other extreme of fuzzy multi-dimensionality. It is possible to find a sense of direction in the sea of poverty and get it shore up within a reasonable time-frame.

These impressions are formed as we recapitulate some of the excellent ideas thrown up on Thursday by the BIDS-Bhorer Kagaj policy dialogue titled "How to Eradicate Poverty in Bangladesh at the Shortest Possible Time?" Speakers were unanimous in their contention that while micro-credit is a proven successful medium for containing poverty this cannot by itself bring about wholesale change in the have-not situation. There must be other factors like education, health and infrastructure working in a tandem with micro-credit programmes to perceptibly reduce the incidence of poverty.

One of the seasoned practitioners in small lending operations BRAC chief Fazle Abed said that micro-credits worth Taka three thousand crore were disbursed last year across the country and yet multitudes of poor were left out. Dr Wahiduddin Mahmud pointed out that micro-credit projects in Bangladesh were yet to graduate to larger projects capable of employing more people.

While on the one hand the government's social sector allocations carry very high 'delivery costs' with only dribbles reaching the poor on the other, even the expanded micro-credit programmes keep eluding a large number of needy people.

In our resource-constrained situation the key-question relates to raising the efficiency level of the poor, grassroots people. In other words, we must invest in human resources development which has been practically glossed over in the current budget. Education is certainly the most important vehicle for a wider dissemination of information and the spread of skills across the country. But a lion's share of the allocation to this sector is meant for salary payments.

Empowerment of the rural poor, both men and women, through a democratic and participatory local government system is a potential stimulus to human resource development we are still missing out on. A good marketing network could be a natural product of institutionalisation at the grassroots.

A largely unlettered, malnourished and medically uncared-for population is hardly the material for a development surge. The social sectors need attention.

Toll Tantrum

Jamuna Bridge has been officially opened to traffic. But things are yet to hum on this communication marvel between the eastern and western sides of the country primarily because of the furore over its toll rates. Heavy vehicle owners who have long come to dub these as too high are pressing for a reduction. The government too has reportedly decided to take stock of the situation.

What we are immensely bothered about is the wrong premise upon which this campaign for reduction has been based. We believe the main reason vehicle owners are so adamant about toll reduction is the fact that it is a government project. This is embedded in our psyche. We are just loathe to the idea of giving something to the government coffer. Well, years of non-performance and rampant corruption on the part of the public sector may have played a role in creating such a mindset but there is hardly any room to muddle the economic equation of Jamuna Bridge with prejudice about government's poor track-record in matters of financial management.

We believe the great opportunity for stress and expense minimisation that Jamuna Bridge so brightly promises is something that should have weighed with them. Zealous as they are to have the rates reduced have they, we ask them, taken into account the counter-vailing advantages? Are they alive to the great amount of money and time that Jamuna Bridge is going to save for them now? We feel only if they are prepared to give a fair and unbiased consideration to the baggage of troubles associated with travel on Aricha-Natakola route — waiting for the ferry, boarding and alighting it, the wear and tear of the vehicle in the process, this tantrum they would have spared for a more justifiable cause. They should know if they have to pay more at one time they are getting the great opportunity for trouble-free, uninterrupted travel also which no doubt is great news for all sorts of business. Creating unnecessary hassle over obvious benefit for some considerations that have no footing in reality may prove as a damper on big government initiatives in future. And that is not good for anyone of us.

A Letter to Remember

Letters have a way of telling things. Fewer efforts in black and white could possibly drive home the trauma of losing one's wife and only daughter in road accident as did a letter published in leading Bangla daily Sangbad Thursday last. It was a letter seeped in the tears of a sufferer that at once straddles between the world of personal and impersonal and takes the reader in with its essence.

The rate of road accident in Bangladesh is inordinately high. Most road accidents take place on the long routes where bus and truck drivers have their own rules of running vehicles. With the authorities unable to fathom the trauma of losing near and dear ones in road accidents, these people regularly get away with murder.

But then heaping all the blame on the drivers would only be telling one side of the story. Their service condition is something that is central to the dangerously dishevelled state of things. Most of them have to drive beyond the normal fatigue level. Add to this alcohol and vehicles suffering from an appalling lack of maintenance and the profit-at-any-cost attitude of the owners you have a recipe for an inexorable tragedy. What is so insufferable and rightly mentioned by the letter writer is the failure of the authorities to commission a high powered committee to probe into the reasons and come up with remedial recommendations to minimise the number of deaths on the highway.

We thank the letter writer for the way he transcended a traumatic occasion of personal grief into an enlightened approach for public good. We only hope his tearful effort and our concern play a part in opening the eyes of the indifferent authorities to the dire need for making the roads safer for travel. Possibility of sudden death is something we all have to live with — that is all about living, but why people have to die for factors that are avoidable?

The Asian Crisis: A Year Later

by Dr. A R Chowdhury

Since the beginning of this year, market conditions in some of the affected countries in East and Southeast Asia have improved. Economies that had suffered massive currency depreciation last year have regained some grounds.

ZHOU Enlai, the late prime minister of China was once asked to comment on the implications of the French Revolution. He reportedly replied that "it's too soon to tell". On that basis, hardly anything can be said about the Asian currency crisis which was triggered by the floating of the baht in Thailand on July 2, 1997.

Although it may be much too early to draw any definitive conclusions regarding the crisis, but its impact on the world economy is clearly felt. Recent estimates from various sources including the IMF, World Bank, and OECD project economic growth to slow globally and in most regions in 1998, are beginning to recover in 1999.

Since the beginning of this year, market conditions in some of the affected countries in East and Southeast Asia have improved. Economies that had suffered massive currency depreciation last year have regained some grounds. Several equity markets in the region have also recouped some of their losses. Huge corrections in current account balances and private-sector debt adjustments helped to reduce the balance of payments problem, thereby easing the liquidity crunch.

Despite improvements in market conditions, the countries affected by the currency crisis are now experiencing a recessionary trend. Indonesia's outlook is, by far, the most precarious. The economy is facing its first recession in thirty years with GDP contracting by more than 6 per cent in the first quarter of 1998 compared to the same period last year. In all likelihood, the economy will contract by more than 10 per cent this year. Unemployment and inflation figures are also bleak. Unemployment in 1998 could reach as high as 17 per cent of the work force. As inflation increased and public austerity programmes took effect, there was an increasing risk of major social unrest — a fear borne out by the riots that led to President Suharto's resignation in May.

Indonesia has negotiated a \$43 billion bailout package with the IMF. The package,

renegotiated twice, calls for tight monetary policy in order to strengthen rupiah and reduce inflation rates.

The Hong Kong economy also faces its worst downturn in decades with high unemployment and falling output. The economy has been hard hit by a sharp fall in the value of private housing. The sustained rise in interest rates in order to defend the currency peg has wiped out about \$175 billion from the value of the total stock of private housing. The government has announced stimulus measures to improve bank liquidity, shore up property market, and tackle the rising unemployment problem. The government is walking a tight rope by trying to bolster confidence in the economy without compromising its non-interventionist credentials.

Thailand is expecting a 4 to 5 per cent decline in GDP in 1998. Last year, the Thai government negotiated a \$17.2 billion package with the IMF, contingent upon a number of economic reform measures. Among the countries in this region, Thailand has been the most aggressive reformer making substantial progress in addressing the structural problems. The government has announced measures to restructure the financial and banking sectors by closing down most of the troubled finance companies, selling two banks to foreign interests, and making provisions for enacting a bankruptcy law later this year. However, the high ratio of non-performing assets and the large volume of banks' net foreign liabilities still make the economy vulnerable.

The GDP growth rate in the Philippines for 1998 has been revised downward to around 3 per cent. Since the crisis, the peso has fallen by 30 per cent against the US dollar. Nevertheless, prime lending rates are slowly declining, and Manila's stock market has recovered by

50 per cent from its lowest point in late 1997. Through necessary reforms in the financial system, the economy has managed to remain in relatively good shape. The nation's presidential election held in May should not derail the reform programme.

The balance of payment crisis in South Korea forced the government to negotiate a \$58 billion support package with the IMF. The package involves tightening of monetary and fiscal policy, restructuring of the financial sector and corporate governance, and liberalising foreign exchange transactions.

South Korea reported nearly 9,500 corporate bankruptcies in the first quarter of 1998, up 50 per cent from the previous quarter. The unemployment and inflation rates are around 7 and 9 per cent respectively, leading to large scale labour unrest. GDP growth rate is expected to decline by 2 to 3 per cent this year. The recovery prospects in Korea are limited by the excess capacity in its leading industries. The Malaysian economy, despite government efforts to prevent a slowdown, is also showing signs of contraction.

One of the major developments in recent months has been the huge corrections in current account balances across the region. During the first quarter of 1998, Korea, for example, showed current account surplus for three consecutive months. The trade surplus during the six months ending in February 1998 for the core group of ASEAN countries was \$10.4 billion. This represents a \$21.2 billion turnaround from the previous year.

However, what is interesting is that this turnaround is entirely due to the collapse in imports. Imports remain very weak across the region reflecting the weakness in domestic demand, and the breakdown in financial systems indicating

that even the most credit worthy customers are having trouble obtaining trade finance.

This situation cannot be sustained in the long run. Domestic demand is weak due to depressed consumption and investment level. Consumption is hurt by rising structural unemployment while company bankruptcy and corporate restructuring is keeping investment low. Hence, any economic recovery in this region has to be led by a recovery in exports. Given that the Asian economies rely heavily on trading with one another, this may take some time. Exports are also limited by the liquidity crunch, slow progress in corporate debt-scheduling, and the lack of working capital.

At a time when Asia's financial markets are trying to find a way out of the current malaise, a new crisis has emerged following new developments in two fronts. First, Japan's economic woes and the resulting fall in the value of yen against the dollar and, second, China's threat to devalue its own currency, renminbi.

The yen's fall to a eight-year low value threatens to deepen Asia's economic troubles as Japan is one of the region's major export destinations and also the home of key competitors and investors. The latest intervention in the foreign exchange market by the US and Japan has helped to temporarily prop up the value of yen. It has also helped the equity markets in the region in recouping some of their recent losses. But a long series of currency interventions seem unlikely to happen. A likely solution to this problem would be a fundamental shift in Japan's macroeconomic and financial policy.

The fall in the value of yen has raised the specter of a devaluation of renminbi by China as it's exports and ability to attract foreign capital are greatly hampered. A devaluation of

renminbi would almost certainly lead to a second wave of competitive devaluation around the region. It would also make it impossible for the Hong Kong monetary authorities to maintain the current peg against the US dollar. These two events have made the future recovery of the East and Southeast Asian economies uncertain.

The role of the IMF during the period following the crisis needs to be evaluated. The IMF has signed massive financial packages totalling more than 100 billion dollars with Indonesia, South Korea and Thailand. These bailout packages are conditional on fundamental structural reforms in these countries. These far-reaching reforms, if properly implemented, might help the economies in the long run. But the nature of IMF's intervention is making things worse at least in the short run. This can be attributed to several factors.

First, the IMF's insistence on structural reforms in areas which are unrelated to the immediate problems facing these economies have increased the sense of panic among investors. It sends a signal that these economies are basically unsound and needs a complete overhaul, notwithstanding their sustained economic growth during the last three decades. This obviously frightens potential investors and lenders. IMF's immediate concern should be to restore the country's access to the global financial market.

Second, with a view to stabilise the currency market and discourage competitive devaluation, the IMF has forced these countries to maintain a high level of real interest rates. But the current condition in these economies are not conducive to a high rate. Its negative impact is already felt in several countries, especially Indonesia and South Korea. Business enter-

prises, which are already indebted, find their existing illiquidity problem quickly changing into an insolvency problem. This has forced companies to cut back production level, sell inventories, fire employees, and fail to repay debt. Consequently, a snow-ball effect took place in the economy by increasing banking system's bad loan accumulation, and weakening their capital base.

Third, the IMF traditionally holds back on disbursing funds from their bailout package until the borrowing country carries out necessary structural reforms. Such conditionality violates the intent of a lender of last resort.

Fourth, the contractionary budget policies required of the borrowing country also delays the recovery process. It seems that the IMF has finally realised the folly of this requirement and recently relaxed some of the fiscal constraints imposed on Indonesia, South Korea and Thailand.

Finally, the IMF's insistence towards a regime of capital account convertibility that includes free flow of capital is pushing these countries towards more uncertainty as their economies are not robust enough to be exposed to the shocks that unhindered capital flows can bring.

In fact, I would suggest that these countries should temporarily suspend free convertibility of their currency and impose controls on all capital flows. This measure would have some immediate benefits. For instance, it would protect the domestic economy from the pressures of the global financial markets. It would also help to lower interest rates, follow more expansionary fiscal policy, and introduce reform in a prudent and sequential manner. More importantly, this would give the domestic economy a breathing space and help to get it moving again.

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Nuclear Pakistan

How Much Political Mileage Sharif Has Gained?

Mr. Nawaz Sharif took a prudent decision after the nuclear tests by visiting some traditional friendly countries like Saudi Arabia and the UAE to garner support for Islamabad's actions.

CERTAINLY, the prime minister of Pakistan is presiding over the affairs of his country at an important time and this phase may also be called a difficult one since on one hand he may be basking in the glory of detonating nuclear devices but on the other, must be tackling the related issues like the international sanctions that followed the tests.

Successive governments in Pakistan almost since the time India exploded the nuclear devices in 1974 worked for the technology. The then Pakistan prime minister Z A Bhutto, obviously to assuage the feelings of his people, had declared that Pakistani people would even prefer to eat grass if they had to become a nuclear power. Evidently, it was a rhetoric but not fully without any substance. Islamabad swung into its exercise since then on a war-footing and over the years coped with the challenges of finance and technology for nuclearisation.

It was a common knowledge that Pakistan possessed the necessary ingredients to make and explode an atomic bomb but it had to refrain from doing so since international outcry and likely sanctions were a deterrent that worked against such effort. But finally a time came and it was the task of Nawaz Sharif as prime minister to deal with the situation. He has a formidable and charismatic political rival in the form of former prime minister Ms Benazir Bhutto, whose father had first spoken meaningfully about the need of Islamabad having a nuclear bomb.

Daughter of late Mr Zulfikar Ali Bhutto, Ms Benazir Bhutto has not missed the opportunity of recalling her father's "dream" when her opponent prime minister Sharif took the credit of their nation exploding the atomic device.

The development came close on the heels of the five nuclear tests conducted by India in two phases. The issue of Pakistan detonating the nuclear devices is seen as a major development in that country.

But is it a matter that is squarely benefiting the ruling party and the prime minister or is it considered more a national contribution in which the opposition has its own share? How much political mileage the government of Nawaz Sharif has derived from the latest developments? Or is he grappling with the conditions that have been created as a sequel to the tests like Pakistan's economy suffering a jolt in the form of international sanctions and other problems that came as logical corollary to the atomic explosions?

Arguably, both government and the opposition can stake claims to the success that Pakistan considers as an advancement in the scientific and technological skills by detonating the long-awaited nuclear tests. The Indian tests coming in two phases took Pakistan and rest of the world by surprise and as such Islamabad took some time to grasp what has happened in its neighbourhood. Needless to say, Pakistan is India's main source of animosity and irritation and the situation is vice versa.

However, for India, the China factor weighs also heavily and this has assumed considerable importance since a new government took over in India not too long ago. The government in New Delhi now has described Beijing as the "number one threat" to Indian security although it is believed that all key figures in the govern-

ment may not see eye to eye on the issue with a more anti-China defence minister George Fernandes. The opposition parties in India like the Congress and the United Front who have assiduously tried to normalise New Delhi-Beijing ties are also unhappy over the tirade against China.

While detonating the nuclear devices, India singled out China and Pakistan as threats to their security while for Islamabad the reason for the tests was undoubtedly India. When the government of Nawaz Sharif was somewhat ambivalent immediately after the Indian detonations whether his country

should instantly go for it, opposition leader Benazir said she would have taken hardly two minutes to decide on the issue — and the answer is that Pakistan has to go for this.

And when Nawaz Sharif finally went for this on May 28, Ms Bhutto said the government might have bargained with the West for lucrative financial assistances that were offered to Pakistan by countries like the United States and Japan if Islamabad had refrained from going with atomic tests. She did not oppose the tests but stopped short of commending them and the reasons are also well understandable, where the two principal figures of Pakistan politics stand now as far as the issue of Islamabad's nuclear

tests are concerned. And how the government is dealing with the challenges posed in the aftermath of this development like — how to reconcile with the international adverse reactions and face the India factor? — is a question to consider.

Benazir, however, admitted that the foreign minister Gauhara Ayub Khan had consultations with the opposition PPP before the tests were carried out but felt that further communications are absent from the government on how it is confronting the post-explosions situation. Clearly, she does not want to give a chit to the administration of Sharif and is keen

to project that the government had to take advice of the opposition not as a matter of generosity but for acknowledging the contributions that today's opposition Pakistan People's Party (PPP) rendered in the development of Pakistan's nuclear technology.

When a few months ago, Islamabad publicly demonstrated and announced the acquisition of the "Ghauri" missiles, Benazir welcomed it but said it was developed during her term as prime minister. She said her government unfortunately did not get the time to make public about the progress made in missile technology.

Benazir was twice prime minister and was sacked both occasions by the president of

the country before she could complete terms. Nawaz was also dismissed earlier as prime minister and the government was sacked by the president, a power which Pakistan's ceremonial president enjoyed in rather conflicting manner in parliamentary democracy. This has been done away after Mr Sharif came to power this time with two-thirds majority in Parliament.

Mr Sharif's current term is interesting for two reasons. Last year, he had found himself in a very difficult condition not for any situation created by the opposition but due to a tussle between him and former president Farooq Leghari. The then Chief Justice was also involved in the confrontation that had initially begun with the appointments of the Supreme Court judges. The problem snowballed to the extent of threatening the government of Sharif but finally the President and the Chief Justice who cobbled together in the crisis had to go.

It was a good sign when the people's elected government had triumphed no matter who was in power, and the powerful army's support for democratically elected government was also praised in a country whose past history is tainted with undemocratic rules. Benazir Bhutto saw helplessly the tussle but certainly she would have liked a situation where Sharif had bowed down. But it was not to be.

Mr. Nawaz Sharif took a prudent decision after the nuclear tests by visiting some traditional friendly countries like Saudi Arabia and the UAE to garner support for Islamabad's actions. He also succeeded in re-

ceiving support to the measures from some of these nations. Benazir, who is more articulate in foreign policy matters, watched government's dealing of the post-tests situation and is now saying that India and Pakistan should now have direct talks to resolve all problems. This runs counter in a way to the government's position which envisages multilateral approach to settle "Kashmir" and other issues.

Benazir says that Pakistan after nuclear tests has now achieved parity with India in balance of strength and there is now need for direct talks. It remains to be seen whether the government accepts this position as far as the talks with India is concerned. It appears that Benazir, having seen that rivals have presided over the nuclear explosions, is now wanting that she takes the Sharif government on the wrong footing in the foreign policy matters.

Sharif, despite unassailable majority in the national assembly, suffered some setbacks, as some allies — not very important though — parted ways and sided with Benazir. He is also grappling with the economic situation after the international sanctions although the government is putting up a brave face. His government has gained sufficient advantage by detonating the nuclear devices which was a demand from the people but he may find it difficult to hold on to the euphoria and, more particularly, facing a tough opposition which fared badly in last polls but is determined to stage a comeback.

It is tough to maintain the popularity on the atomic issue like the present Indian government that took the credit for tests. However, Sharif has vast majority in Parliament unlike the Vajpayee government in India, and this keeps him comfortable.



Zaglul Ahmed Chowdhury

To the Editor...

Mis-handled

Sir, I think the socio-economic situation of this country is getting worse each day — and unless we all come forward to stop the serious problems which this country is facing, immediately, there will be little hope for us to live here in the near future.

I am a sixteen-year-old girl and it pains me to see our country being "mis-handled" this way. It is funny that the Prime Minister, who claims to love this country more than ever, does not feel the same! If she really did care for this country like she never fails to mention in any of her speeches, should she not put in "some" effort to stop this country from heading towards its doom?

All kinds of problems are arising these days starting from innumerable rapes and killings of women and girls, manslaughter, child lifting, theft, lack of water supply, lack of electricity, sugar crisis, salt crisis, onion crisis and what not! These problems could not have come up in a day — they have been neglected for quite a long time and have therefore reached this tremendous height.

My request to the govern-

ment is that maybe it is high time that you stop inflicting innumerable charges on the opposition and start working for the welfare of this country and make this society livable for us and make your rule a success, which otherwise, is failing miserably!

Please, let us not waste any more time in pointless arguments and in blaming the opposition for anything that goes wrong, but together let us build up the society that the Father of the Nation had dreamt in the past.

Shehna F. Mulk
New D.O.H.S. Dhaka.

Global sex network

Sir, Hundreds of Russian women are lured to the West through ads in newspapers with promises of lucrative jobs as waitresses, to party dancers, and in some instances escorts, but none knows exactly what conditions lie ahead. Prime-Time correspondent Cynthia McFadden reveals the plight of these young women, who are forced into prostitution to boost profits for a multi-million-dollar organised crime network. McFadden travels to Israel, an important hub for sex trafficking, and meets with a key player

in the country. Young women who fall prey and migrate to Israel as illegal immigrants for job opportunities usually enter a world of violence where they are routinely raped, beaten and held in slave-like conditions. In addition, they surrender their passports, which prohibits them to leave the country, and are threatened by organised crime figures to keep quiet, ultimately leaving them little chance to escape.

Imran Chowdhury
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Council for Krishibids

Sir, While addressing the installation ceremony of the central executive council of the Krishibid Institution, Bangladesh (KIB) recently, the Food and Agriculture Minister Begum Motia Chowdhury had expressed her firm determination on existence of Bangladesh Agricultural Development Corporation (BADC) and said that it would survive with a new form for greater development of agriculture in the country.

We extend our sincere congratulations and appreciation to the government and the Agriculture Minister for understand-

ing positive steps to run BADC in a reformed system.

Meanwhile, we honestly hope that the Agriculture Minister will take appropriate measures to fulfilling the demands of the Krishibids raised in the installation function by the KIB's dynamic Secretary General Krishibid M A Mannan which include: (i) increasing allocation in the agri sector, (ii) appointing agriculturists at union level, and (iii) raising agri-research budget.

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Psychology and Applied Psychology

Sir, We the students of psychology, University of Dhaka, are requested to the PSC (Public Commission) to include both Psychology and Applied Psychology in BCS written examination. As Applied Psychology brings a new era of industrial Psychology in the western world, also in many institutions of Bangladesh — e.g. IBA, BUET et cetera.

Notwithstanding that many subjects have option to take both of their familiar subjects in the BCS exam i. e. — i) Law, and ii) International Law. But

we have no such facilities to take both. So we demand to the PSC for including "Applied Psychology" in the BCS written examinations and give us the chance of taking the both subjects in the BCS examinations.

Md Liakat Ali
Md Abdul Hai
Abdur Rahim
Department of Psychology
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The rape-spre

Sir, The editorial of a news weekly published on the 22nd May has particularly dream our attention. As a remedy to the horrific increase of rape in our society in current times, restoration of some of the red-light areas has been suggested.

As a major reason of rise of rape, closing-down of brothels and our society's intolerance of prostitution have been identified. If that is so, why in the USA where free-sex is acceptable and practised extensively too, the member of rape is 0.2 million/year; whereas the number in our country is 150/month, 1800/year (reported rapes).

Prostitution which itself is a disease cannot be a cure for curbing rape. Intellectuals who suggest such remedy for rape,

would they send their own daughters into those brothels to become prostitutes to minimise rape? Who are being deprived of normal healthy marital life being forced into these brothels to earn livelihood? Poor, helpless girls from the lowest rung of our society. Can't we constructively think? These women and girls need to be rehabilitated. Again men should get married at an appropriate age for a long term solution, through proper social engineering and mechanism — if men who come from villages to work in the town or city, could be provided with the minimum facility so that they may keep their wives with them, their physical demands can be lawfully fulfilled.

Above all things, all classes of people demand exemplary punishment of the rapists. Law and order situation seems to have collapsed totally, otherwise how can these culprits get away with their crimes? Inefficiency and disloyalty of our police force is also responsible for the upward trend in rapes. We are coming to our wits end, waiting to see the criminals hanged and executed.

Sheely, Tahmina, Sheyli,
Tanni, Shikha, Luna
BUET, Dhaka