

For Profitable Business

Business leaders complain that the government is not doing enough for them. The government, on the other hand, says that they are being dependent on state subsidy and support without playing their part too well. They should take more risk and slog it out competitively, advised the Prime Minister in so many words through her inaugural address at the Businessmen's Conference on Sunday.

We are glad to see that the government-private sector interface is about to make a qualitative departure from barren monologues and inequitable consultations to cross-fertilization.

It may sound like a nursery book-type exercise to remind ourselves that businessmen or entrepreneurs function in and thrive on either the domestic or the international markets, or both. The import-substituting industries which had so long been protected by high tariff walls are suddenly on their own because of our market liberalisation measures. The last straw on the camel's back, however, comes from smuggling. Those who use the external markets for business and profitability have the ultimate impediment in a malfunctioning Chittagong port through which 80 per cent of our exports go and 75 per cent of our imports come.

All market operators, whether of the domestic kind or the exporters, have to face common hindrances in rent-seeking, *mastanised* extortions, especially at the transportation stages, and power cuts, not to mention politically instigated hartals, labour feuding and wild-cat strikes occurring with a religious regularity.

The government has to play an enabling role for the business community in the areas of law and order or day-to-day governance, clearance of files in the offices and NCBs, energy supply and transshipment of goods. The business community, on the other hand, has to show a national commitment in ensuring that unrecovered loans do not outstrip bank deposits. The hugely loss-making state corporations cannot also be indefinitely kept alive on artificial resuscitation.

The government having decided to form an Investment Advisory Council with private sector representation and create an Industrial Development Fund, we are hopeful that all the points at issue would be addressed holistically. Piecemeal solutions won't do anymore.

Hurdle on the Highway

Which is the most important highway of Bangladesh? In terms of goods and passengers carried and populations serviced? It is quite possible that Dhaka-Aricha route is but second to the Dhaka-Chittagong highway in every way. The explanation is easy. The capital where, in effect, the whole country resides in so many ways and Chittagong, the declared commercial capital of the country, had to develop a symbiotic existence through constant communication. And incidentally the highway connecting these passes through the most populous areas of the nation.

This reality pressured both government and business to have the first most modern and constantly maintained highway between Dhaka and Chittagong. The same sets of reality and necessity tended to always compress the travel time between the two cities. The railways who used to do it in eight hours decades ago, brought it down to five. And due to a harrowing accident slowed to six and is back again to five. Such is the pressure. Road transport, buses and trucks that is, competed well to confine their travel time well within six hours.

All that is gone like the passing of a sweet dream. From Tikatully to Shonir Akhra, on the Dhaka-Chittagong highway, there is a perpetual jam from early morning to late night. The minimum average time lost there is two hours for all vehicles. Think of the national loss — some 2 million man-hours lost every weekday. The yearly total multiplied by productivity per capita in Taka would reach a figure enough to hit the moon. Can Bangladesh afford this? Against this the physical requirements of dispersing the jam through building a system complete with the latest in-road communication technology and strategy should not cost, by any stretch of imagination, more than a billion Taka.

Why is government so uncaring about this bad problem? If it wants it can ensure unhindered travel to and from Gulistan — in six months. We do not want any *shoni* to rule over any patch of the Dhaka-Chittagong life-line.

Peace Talks Revived

The stalled Middle East Peace process is all set to be put on the wheels again. It has been an embarrassingly long period of barren diplomacy between the Palestinians and the Israelis. Just when it seemed the unpredictable and obdurate Israeli Prime Minister Netanyahu succeeded in sabotaging pacifists' initiatives by abetting in the legacy of bad vibes to the extent of yet another explosion in the region as his notorious Jerusalem expansion plan would testify, things have looked up. As good omen a bomb scare has been blown away, too. The parties in dispute will engage themselves in a dialogue for the first time since it broke down 16 months ago. Israel, of course, has not relented in its ways to make things any easier. In the proposed scheme of things for the peace deal it has to give up 13 per cent of the occupied territory in Gaza. It has been quick on its renouncement of only ten per cent of the land. About the rest three per cent it is yet to sound off clearly. Looks like she is intent on procrastinating the process.

Things have gone the Israeli way; she having apparently insisted on unmediated bilateral talks have got these to happen. But then that is no guarantee for a positive outcome with a maverick like Netanyahu. One hopes for once Israel will enter the talks with the right frame of mind, with a genuine commitment to peaceful coexistence.

But the air is still far too tense and the utterances are far too recriminatory for cordial and sincere discussion. For the process of rapprochement to make any headway Israel has to desist from making atavistic allusions. Let there be no opening of old wounds.

Crisis of Credibility: BJP's Inability to Govern

The post-bomb mess, which the BJP-led coalition has made — the price rise, inflation and the world's keep-India-away attitude — has cost the party the support of the middle class, the BJP's stronghold.

THE biggest casualty in Indian politics is the self-denial of the bygone days. No leader, no party, not even a faction is willing to step back to prove that it is not worth the candle. Yet this is the quality which endears an individual to the society and a party to the country.

Gandhian Jayaprakash Narain was tall because he did not seek. He withdrew when power was for the taking after he had vanquished Indira Gandhi at the 1977 polls. Much earlier, Mohandas Karamchand Gandhi earned the title of Mahatma through renunciation.

Even as a strategy, the discretion not to accept office earns support. Take the present parliament. Congress is in a position to form government because the BJP-led coalition is dithering, if not collapsing. In an open secret that AIADMK chief Jayalalitha, who can tilt the balance, has met Congress president Sonia Gandhi. Both Mulayam Singh Yadav's Samajwadi Party and Laloo Prasad Yadav's Rashtriya Janata Dal have extended support to Congress. So have the communists. Obviously, Congress is reluctant to step in. It wants to prove that it is not willing to pay the price that the formation of a government demands. Therefore, the Vajpayee coalition is in the saddle by default.

Had the BJP followed the precept of self-denial after elections it would not have faced the humiliation which it has since the advent to power. Yesterday, it was Jayalalitha. Today, it is the Shromani Akali Dal. Somewhere between was Mamta Banerjee's Trinamool Congress. The BJP has to pamper and accommodate all of them. For example, the Finance Ministry was bifurcated to make 'Revenue' an independent charge for Jayalalitha's nominee at the Centre. The enhanced price of urea, suggested in the budget, had to be dropped to placate the allies.

Not only that, the BJP has abandoned its own agenda, the plank on which it won votes. The government, led by the party, has to assure time and again that it will follow the court's decision on the building of a Ram temple. On Kashmir also, the BJP has to lie low on Article 370 that gives special status to the state. And when Vajpayee meets Nawaz Sharif later in the month at Colombo, it will be in the spirit of Shimla Agreement, which talks about "a final settlement on Jammu and Kashmir". On every vital point, the party has compromised so as to stay in power.

Had it stuck to the promises the party gave during elections, it would have looked at least credible even while sitting in the opposition benches. The party could have put forward its own conditions. It could have stated that if people wanted the party to form the government, they must return it in a majority. In that case, it would have

spurred the offer of the President to form the government. Its stand should have been that it would not accept the responsibility of office because it, on its own, did not have a clear majority in parliament. Now it looks as if it made all the compromises, even on basic tenets to make it to New Delhi.

The effect of all this has been horrendous for the BJP. It may not even retain in the next election the 180 seats it has in the 545-member Lok Sabha because

green horn, has no clue even to diplomatic niceties. Several ambassadors have complained to me that she has no grasp over international problems. She reads only the briefs which the ministry provides. The field of foreign affairs could have been one area where the BJP-led government should have made some impact. The Planning Commission deputy chairman, Jaswant Singh, is being used for some high-level contacts. But he has not been able to go be-

does not cut much ice with voters who find it a non-performing government. I, for one, considered the party communal. But I thought that they were a determined lot who would seriously try to oust some ill in the country. The fact that the party and its mentor, the RSS, have cadres made me believe that corruption would lessen and government offices will work more efficiently since the bulk of government servants are the BJP's sympathisers. But things are worse than before or at least the business of corruption and inefficiency is as usual.

Perhaps, the BJP's calculation was that nuclear tests, which they proposed to hold if and when they came to power, would bring them support in the country. The tests nearly did that. Initial euphoria was in favour of the BJP. But the mood of elation changed into dismay when Pakistan exploded the device. The post-bomb mess, which the BJP-led coalition has made — the price rise, inflation and the world's keep-India-away attitude — has cost the party the support of the middle class, the BJP's stronghold. Most businessmen, who contribute to the coffers of the BJP, have distanced themselves from the party. It still believes that it is a temporary phase, not realising that the crisis it faces is that of credibility, the BJP's inability to govern.

Still, there is no going away from the fact that some of the party's acts of omission and commission can be attributed to the compulsions of coalition. Voters are not, however, interested in defence or arguments. They want results which are missing. What it really means is economic growth. And there can be no half way house in this respect.

The *swadeshi*, which the BJP wants to effect, cannot be possible without a majority of its own. Voters would have turned to it ultimately for the reason that they had tried every political party and found them wanting. If only, it had waited. Now the party stands exposed. It is difficult to imagine it becoming an alternative for many, many years to come.

One can understand the dynamics of power and infer that the BJP was tired of staying in the wilderness. But the reason I believe is that the two top leaders of the party, Atal Behari Vajpayee and L K Advani were getting old. They are already above 70. They wanted to enjoy power when they are still physically all right. A charitable explanation can be that they wanted to implement within their lifetime the agenda that they had in mind. Whatever their dreams and compulsions, they have failed miserably.

I personally think that the nation has been saved from the BJP's unalloyed rule. The party has already created a cleavage in the nation. The gap would have been difficult to fill if it had been on its own.

BETWEEN THE LINES

Kuldip Nayar writes from New Delhi

people expected the government to perform. As far as the BJP-led coalition is concerned, it has been found wanting on all fronts. The economy is particularly the government's Achilles' heel. Finance Minister Yashwant Sinha has proved to be the weakest functionary in the government. He doesn't seem to understand economics. The result is that even the future looks dismal.

Vajpayee, who was India's foreign minister, did fairly well then (1977-79). Now he seems lost. His deputy, Yasodharao Scindia, no doubt a

yond an undersecretary Talbot in the US State Department. He is equivalent to deputy minister. All such moves, which give the impression of failure, have damaged the BJP's image.

Before it came to power, there was a large section of population which would say that the BJP should be given a chance. Their argument was that all other political parties had been tried except the BJP. Now after four months of its rule, that very segment is disillusioned. The BJP may argue — quite plausibly — that it has not been its own master. But that

OPINION

Trade Deficits and Smuggling With India

Main Threat to Bangladesh's Development?

by Manzur Alam

We should focus on freeing the economy from inefficiency and corruption. We should reform our financial system by reducing government control. We should concentrate on improving our efficiency and productivity through education and training of our human resources.

SOME political parties, that have made 'threat of India' a cornerstone of their politics, would like you to believe that India is the biggest threat of our economic development. The strategy of the political parties may be reflective of two realities: first, these political leaders are ignorant about theories and laws of economics, second, they find it convenient to divert people's attention away from their own failure by blaming everything on an enemy real or imaginary. This cheap political tactic would not have attracted my attention unless the same sentiment was expressed by honest, well-intentioned and academically oriented economists.

In a recent article published in BIDS journal, Professor A R Khan of University of California, San Diego, writes that the "lack of protection from cheap imports from India is widely perceived as a major impediment to the development of Bangladesh. This indeed is a central issue for the development of Bangladesh." Professor Khan then attributes the flooding of cheap imports from India, to the appreciation of Taka vis-a-vis the Indian Rupee resulting from the aggressive exchange rate adjustment adopted by India.

In another article published in The Daily Star, (6 April, 98) Professor Munir Qudus of Southern Indiana University states, "unless Bangladeshi politicians feel largely subservient to our big neighbor,

they should consider the following policies: a) competitive devaluation of Taka against the Indian Rupee; b) plug the borders to stop smuggling, and c) actively seek reductions in tariffs and other barriers on Bangladeshi exports to India."

According to Professor Qudus, India is following the well-known "beggar-thy-neighbor" policy of exporting unemployment to Bangladesh and its other trading partners to create domestic employment. Because of the Indian policy, according to him, many of our fledgling manufacturing units have been gutted and our national exchequer is losing enormous amount of money in the form of customs duties due to smuggling.

You will often find that the group of people who raise a hue and cry when there is a devaluation of our currency is the same group of people expressing their dissatisfaction with maintaining an overvalued exchange rate. If you interview them when our currency appreciates they will say, "it is bad because this will hurt our exports." If you ask their opinion when our currency depreciates, they'll

say, "it is bad because it will hurt our imports! This position is understandable, because criticism is always attractive to the press; therefore negative statements are more likely to be published.

The distinguished economists who have written the above articles have not written those for cheap publicity and I think they have demonstrated their patriotism through these statements, even though these views represent the minority of economists who still favour some kind of protectionism. According to the proponents of protectionism exports are always good and imports are bad, because exports create jobs while imports take away jobs. Apparently these sounds true, but just try to take this idea to its extreme. Let's assume a country earns a lot of foreign currency by exporting a lot of goods and imports nothing. Foreign countries will love this country because this country gives them a lot of goods in exchange of mere pieces of paper! Should a country's labourers sweat for producing goods to feed and provide

comfort to the foreigners in return for some pieces of paper?

If you agree with Professors Khan and Qudus that India's intention behind devaluation is to create jobs in India by taking away jobs from Bangladesh and its other trading partners, then India should be thanked for this great favour! Why should I waste my time in producing things which other are willing to do at lower cost? For example, I do not blame my maid-servants for taking away the job of cooking and cleaning away from my wife and me! Neither do I blame the manufacturer of my computer for taking away the job of manual computing. As long as other people are willing to do these jobs at a lower cost I can reap up my time from less productive uses to more productive uses. If tomorrow computers take away my job of teaching and grading of papers, I shall have more free time to do research and other creative activities.

Well, you could say if somebody was employed in the business of making cookies and if suddenly cheap Indian cookies flood our market what would this poor fellow do? In response I shall tell you that if this guy was less efficient in cookie production than Indians, this guy was in a wrong business and we should thank India for forcing him out of this inefficient activity. If this guy was in fact more efficient and he was forced out of his business because of India's devaluation policy the cookie consumers

and our other factory owners should thank India for letting us have cheaper cookies. (We can only feel pity for the poor Indian workers forced to work in an inefficient industry!) Our garments manufacturers can pay a part of the wages in terms of cookies (perhaps give the workers free cookies in lunch and thereby lower the costs, become more competitive in the international market and expand production by hiring more workers including those unemployed cookie producers. The same argument holds true for rice, wheat, fruits, shoes and everything else.

I guess some people would still ask what if this worker is not re-trainable? I have encountered similar questions while explaining the necessity of privatization. People told me that if we privatize then many workers will become unemployed, because they will not find work anywhere. My response is that, it does not make sense to formulate economic policies just to protect the inefficient and the non-retrainable. The objective of the economic policy should be to create opportunities for the intelligent, the efficient and the dynamic people. If we do privatize without creating monopolies and follow free trade policies we shall create more than enough opportunities for the efficient ones to offset the losses of the inefficient ones.

Many people argue that there is a real need for protecting the

so-called infant industries before they can grow into adult industries ready to compete globally. This argument has been used to protect thousands of industries in hundreds of countries. In almost all the cases these infant industries developed a very powerful tendency to remain infants forever, if they grew at all they grew into strong crybabies, lobbying for even more protection and state support.

The main trouble with the articles by Professors Khan and Qudus is not merely that these arguments are incorrect, but also the fact that calling trade deficit with India the main threat to our development shifts our focus away from the real ones. If we are too preoccupied with the so-called unfair trade practices of India, what can be accomplished? Even Professor Khan does not believe, as suggested by Professor Qudus, competitive devaluation has never proved to be a fruitful exercise. The third option, seeking market access for Bangladeshi exports to India, as suggested by Professor Qudus, is perhaps not necessary because of pervasive smuggling.

I believe we should focus on reforming our legal system for ensuring justice and providing a healthy competitive environment for free enterprise. We should focus on freeing the economy from this inefficient and corrupt bureaucracy. We should reform our financial system by reducing government control. We should concentrate on improving our efficiency and productivity through education and training of our human resources. If we focus on these fundamental issues, maybe some day the goal of economic emancipation will be accomplished.

The writer, a PhD, is Associate Professor of Economics, East West University, Dhaka.

To the Editor...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

Born in Bangladesh!

Sir, The other day I have been visiting the family of a Bangladesh-born Australian here in Canberra and found them quite appreciative of a recent government decision on issuing permanent visa to their Australian passports without any fee. Until recently, they have reportedly been paying a token amount A\$20 per permanent visa. Without giving any offence to my host family, I could not simply agree with them, as I do not find any merit whatsoever of this decision of the government. The matter is not that this people spend out multiple of A\$20 for their afternoon coffee in an ordinary of coffee shop, as a citizen of Bangladesh, I think I should highlight the following points and ask the government to reconsider the decision.

Firstly, most of the Australian citizen of Bangladesh origin are quite happily settled in Australia and investing in Australia whatever they have to secure their future in Australia. Needless to say a significant portion of their local investments has been procured from Bangladesh by way of selling out their properties in Bangladesh. Therefore, in effect, they are more Australian than Bangladesh and most of them contribute nothing more than some token gifts to their relatives in Bangladesh as and when they visit Bangladesh to arrange repatriation of their assets and earnings in Bangladesh.

Secondly, even as a student I was not exempted from paying Bangladesh Tk 1800 as Travel Tax while these people is under no obligation to pay the same as they will be visiting Bangladesh on a foreign passport with all facilities and privileges as a national of Bangladesh. This is, seemingly, an appalling discrimination at the expense of ordinary citizen of Bangladesh.

Recently, I had the opportunity to visit Bangladesh High Commission in Canberra to renew my passport for which I was asked to pay A\$95.00. For a student like me, this amount is quite substantial and accordingly I asked the HC official whether I could get any discount as a student. The said official was very kind(?) to advise me of an alternative to renew my passport for one year at a cost of A\$21.00 instead of doing it for full five years at a cost of A\$95.00. The reason I am illustrating is to make the government realise that they are showing an extra-ordinary gesture of generosity to a privileged section of people — many of whom are no longer Bangladeshis at all, while needy people like me are not considered for even a discounted rate for the same kind of services.

Given the above may I request the government to exempt students from paying any fees for renewing their passports and other consular charges as they have exempted Australian citizen of Bangladesh origin from paying any visa fees.

The government's decision to exempt us from paying fees, I would like to request the government to make it public as to why they have exempted the Australian national of Bangladesh origin from paying any visa fees.

A Citizen of Bangladesh
Australia

"Anger as AMP..."

Sir, Anne Lampe's article "Anger as AMP slashes payouts to policyholders" on the front page of the Business supplement of The Sydney Morning Herald recently proves interesting reading.

Many thinking citizens would understand the AMP Limited, a money-oriented investment company listed on the Australian Stock Exchange now having obligations to im-

prove a "bottom line" on behalf of institutional and other shareholders. It is not policyholders, as such, who now own the corporation. Opting for penalizing those who elect to convert their long term policies into paid-up (no further premiums) or other short term investments which will mostly, not be re-invested in products managed by AMP is oh so logical. The AMP also has no obligation to facilitate the market in secondhand policies which are converted into short term policies as investments effectively disregarding the value of the life cover aspect.

Perhaps there are still a few naive souls in this nation who think that the demutualization and the consequent diminishing interest in conducting genuine Life Assurance business (if being a culture quite foreign to a significant proportion of the current controllers of the AMP and, for that matter, their contemporaries in National Mutual and others) is a part of which former policyholder owned mutuals have changed their status) is reasonable.

Local policyholders in what was Colonial Mutual Life Assurance Society have already discovered, if they applied for a loan on the security their policies, that publicly listed group refuses such benefits and now forces its policyholders to seek personal loans from its affiliate bank incurring, in the process, not only a usurious interest rate but also a substantial up-front "establishment" fee and compelling the applicants to provide some evidence of ability (and willingness) to make regular repayments. The policyholders in all of these "Life Offices" are now probably only secondclass citizens.

The NRMA is still in line to be privatized, oops, "demutualized" so that the entrenched and possibly in-bred group of professional directors and their cronies in the upper echelons of the corporate bureaucracy can siphon off the bulk of the surplus into direct and indirect benefits for themselves with impunity (the regulators are impotent and irrelevant!)

Jon M Axtens
Amanuensis/Public Scribe
6 Slater street, North Lismore
2480, Australia

Gatecrashing into the N Club

Shafiqur Rahman

On 9th July, a news item titled, "Australian defence expert warns: Indo-Pak tensions have brought world closer to N-war", appeared in the DS. The message of the news is alarming.

The defence expert, Professor Des Ball, said that unlike with the recognised nuclear powers, the commander control systems on the subcontinent are totally inadequate. He also opined that India and Pakistan regard nuclear weapons simply as another card in the sleeve to be used in conflict, and any country which chooses to use those would do so on a First Strike basis.

I read an article in another publication which supported Prof Ball's contention. It reported that Indian strategic nuclear command system is dangerously centralised and sufficient control mechanism is yet to be established. All these information fuel the suspicion that our subcontinental neighbours gatecrashed into the nuclear club without the responsibility that must go with it. This places the people of the subcontinent in a dangerous situation. An inadvertent nuclear holocaust ominously looms over us.

The basic supervising system of strategic weapons used by the superpowers and nuclear armed nations is known as the C3I. C3I means Command, Control, Communication and Intelligence. Command is a semi vertical-horizontal structured organisation by which command is delivered. The system is to be built in ensuring that all decisive decisions are taken by the highest possible authority, and the organisation survives the worst disaster. Succession of authority depends upon respective political-military systems.

The Control system is a network of command posts, computers and communications links to provide the constituted authorities with the information needed for accurate and timely decisions and to transmit these orders to the military forces under every circumstances: peace and war. Effective command and control depends upon surveillance, warning and assessment systems. Satellites, early warning radars and electronic intelligence monitoring are the components for these.

A communications network integrating command and control posts, strategic weapon sites and the warning system. Since enormous amount of data pass through this network, it must be of high capability. It can be mentioned that today's ubiquitous Internet was first developed by the Pentagon to build a widespread communication system that can function even if a nuclear strike wipes out most portions. Intelligence is provided by human and electronic systems.

Even a C3I built with the most advanced technology cannot be fail-safe and accidents can occur. In the American C3I, during the eighteen month period (Jan 1979 to June 1980), there were 3,703 alarms, most of which were routinely assessed and dismissed. But 152 of them were serious enough to have represented a potential attack. All but 3 of these 152 alarms were caused by misleading information from satellites or early warning radars. Some of these alarms were caused by spurious computer messages that stated launching of large number of Soviet land and submarine based missiles.

Once a flight of geese was mistaken as a hostile cruise

missile. Because of reliable cross-checking systems these alarms didn't start war.

There is another serious menace to the C3I. By May 1996, the number of computer-hacking incidents in the Pentagon was 250000. Fortunately none of them caused any serious cause of concern. But successful sabotage in future by a determined group of saboteurs with the help of some inside information, is not a far-fetched possibility.

The close proximity of India and Pakistan multiplies the risk of accidents. Lead time is the time period between the detection of a hostile strategic weapon launch and its approximate time of strike. An ICBM generally takes about 30 minutes to traverse the distance between America and Russia. But in the subcontinent lead time would be much lesser. Thus a false alarm have to be evaluated much faster.

Also as the Australian expert observed, the subcontinental powers regard nuclear arms as simple extension of their burgeoning arsenal thus making its use less inhibiting. Several times during the last two decades, close border military maneuvers degenerated into war-like situation. Even without pre-orchestration, the high level of tension between these two nations makes them accident-prone.

The governments of India and Pakistan now must spare no effort to establish reliable control over their nuclear armory. The West should also come forward to help them with technology. Maybe one cannot put the genie back into the bottle but one can definitely come to a negotiating table.