

Regional Trading Blocs and Geo-politics

CAB Networking Awaited

It is stating the obvious that consumers in Bangladesh betray a deplorable lack of consciousness of their rights to secure their money's worth in terms of price, weight and quality of goods they purchase. They are shortchanged in the services sector as well. The sellers have had an unchallenged upperhand in the marketplace, something that buyers in other countries when sampling here on a *sojourn* feel pity for us about.

This kind of sellers' predominance runs counter to free market norms whose essence is positive competition — a healthy effort on the part of wholesalers and retailers to wean away buyers from each other by offering better products and services at bargain prices to them.

Against this backdrop, the Consumers Association of Bangladesh (CAB) has been regularly in the news with its monthly analysis of the price situation and occasional calls to the public that they grid up their loins to resist jacked up prices and deliveries of short-weighted and poor quality stuffs. Consumers do have an internal revulsion against such things but they are not in a position to put up any effective resistance against these because they are not organised in the first place. Moreover fundamentally, there is absence of a law under which to take recourse to public interest litigation on individual or group basis.

The most baffling drawback has been that we are yet to get a consumer protection law in place when all the neighbouring countries have one as mark of their normal economic and civic rights sensibilities. Such a law was about to be legislated at the end of BNP rule and, understandably, the present government would do it in the near future. Under that law special courts are likely to be set up to adjudicate consumer interest-related disputes.

The CAB which has only 14 branch offices in important cities and district towns evidently needs to expand its network to 50 more district towns, there being 64 districts in Bangladesh. It critically hinges on the CAB to arouse buyer consciousness about their rights and arrange legal aid for them in due course.

Congratulations to KPC

On Friday at 10:40 in the morning a most significant development took place for Bangladesh. From two private-sector barge-mounted generator clusters, Tiger-1 and Tiger-3, substantial power, 114 megawatt to be precise, flowed into the national grid. And as a spin-off, the Khulna region became the nation's first 'almost' load-shedding free area.

We want to believe this to be a kind of light at the end of long dark tunnel. But bitten endlessly for over two years, we feel shy of expecting positive things from our power establishment. The present government was heralded into office with an unusual flourish of countryside power-failure that continues to this day. That unpleasant opening collapse occasioned many pledges and promises and repeated timetables for the country to land a surfeit of electric energy but no true recovery followed. It was as if government was playing on the sensibilities of the nation. The armed forces were detailed at power stations and the energy minister was fired and the PM herself took over command and yet nothing changed. Excess power at Sikalbaha still awaits flowing to the national grid. The gas that was not reaching the turbines for want of a pipeline, should by now have reached destination and given the national grid a shot in the arm. Nothing happened besides one heroic thing, Bangladesh's installed power generation capacity, mostly come from as if Faraday's days and long past any use, has been coaxed by endless ingenuity to give whatever we are making do with over the past two years.

Barge-mounted generators are emergency options at best. Perhaps such plants could be commissioned much earlier if the government was that desperate as the option speaks of. It was plainly not so. Why?

Tiger-1 and Tiger-3, the two generator clusters of the Khulna Power Company, stumbled badly on their inauguration on September 12. They could be set right only after full two weeks of constant tinkering on the highest technical level. Hopefully, the morning did not show the day.

Computers in Schools

This is excellent news. The government is introducing a course on computer in 300 secondary level schools of the country. The project which envisages yearly churning out of 20000 computer trained students holds good for both government and nongovernmental schools.

Welcome as we do this timely decision we nonetheless go one step further to counsel the authorities to include the course in the syllabus for the SSC examination. One rough and ready argument against the idea may be that not all the schools in Bangladesh can be brought under the computer project quickly. So what? Waiting for all the schools to be covered by the project will be impractical and sheer wastage of time. Better get started properly with whatever we have in hand. Let the computer course be on the syllabus as one of the options. Only schools that offer computer education will make it mandatory upon their students to take computer as part of their SSC combinations. Students of the schools without computer could follow suit in due time.

Key to the success of this computer education programme will be authorities' sincerity and eagerness to monitor the standards. If teachers are inadequate or insincere which is more than a possibility given the reality in our academic sector then all this investment will go down the drain. The powers that be also have to be alive to the necessity of adjustments and hidden technical problems. Unless reprogrammed, computers around the world are going to be useless at the stroke of the year 2000. Going full steam ahead for computer training without keeping these facts in mind will not only incur huge financial losses that a poor country like ours can ill afford but also create a generation of computer literate who despite investing time, labour and money will be considered worthless for all practical purposes and for no fault of their own.

ONE of the major arguments for forming regional trading blocs is the geographic proximity or nearness. It is argued that trade of goods with distant countries involves higher transport costs and longer time (carrying higher interest charges, for loans etc.) compared to trade with close neighbours.

One of course appreciates the traditional wisdom that at a time of crisis, people first turn to their immediate neighbours for assistance and hence the need for good neighbourly relations. But historical reality tells us that neighbours may not be disposed to friendliness all the time, and may even be hostile sometimes. There is also a considerable amount of literature on what difficulties the small neighbours of large-sized economic giants have to live with.

On the other hand, it is also true that in the days of information revolution and high speed communications, powerful friends from any distance can deliver assistance in no time.

However, coming back to the technical side of trading relations, some trade theorists (Professor P. Krugman being one of them) are arguing that savings on transport costs may have greater trade-creating effects than trade-diverting effects since high transport costs are likely to discourage trade with a far-away country to start with. And hence the regional blocs may be welfare promoting for their members. Something like this kind of economic argument, apart from political benefits, perhaps motivated the leaders of South Asian countries to try to create SAPTA and SAFTA under SAARC.

Recently one finds in various local (Bengali and English) newspapers articles written by SAARC enthusiasts almost lamenting why SAARC has not been developing into blocs like

The dominant members of a bloc have to assist their poorer members by giving special dispensations either by opening their economies by reducing their tariffs and non-tariff barriers or by giving larger grants (or 'side payments' in Game-Theoretic language) so that they can increase their economic participations in the bloc.

EU or NAFTA. Indeed, the poorer and smaller members of SAARC have been realising that serious difficulties lie in the way of satisfactory implementation of the terms of SAPTA (which I have drawn attention to in this column a number of times before), which have created almost a roadblock on its transition to SAFTA. History of bloc formations over the last fifty years or so has taught us that many such proposed blocs never materialised while some others progressed a fraction of their way towards their presumed millennium.

Keeping these in view, it would be useful to examine i) some recent developments in the analyses of regional trading blocs and the lessons that one can draw from them, and ii) to see what role Geo-Politics plays in the formations and continuity of regional blocs.

Recent Analyses of Trading Blocs

Over the last fifteen years, intensive econometric investigations on regional trading blocs have been carried out by powerful trade theorists. The model they have been using is Gravity Model which explains the attractions of trade flows between two countries in analogy with the gravitational attractions of two heavenly bodies. In trade analysis, its dependent variable is total trade (sum of both exports and imports) while the explanatory variables are the geographic distance between two countries and their respective economic sizes (represented by GNPs of the respective countries).

In the studies on Asian blocs, groupings like ASEAN, East Asia, East and South Asia, South Asia and Middle East etc.

are examined. (For technically oriented readers, it should be pointed out that a number of dummy variables have been used for these sub-regional blocs and also for adjacency and language between two countries).

The data used are for the period 1970-1990. The results of these investigations show that the size of the economies as well as the distance between them do matter. That means, trade of richer/larger economies is greater than those of poorer/smaller economies and as distances between the countries increase trade decreases. Countries with common borders (or adjacency) and common language have larger trade than

that between two such identical economies with geographical distances between them. (The material of this Section has been largely based on 'The New Regionalism in Asia: Impact and Options' written by Professor Jeffrey A. Frenkel, University of California, Berkeley, and Professor Shang-Jin Wei, Kennedy School, Harvard University, in 'The Regionalisation of the World Economy, 1998')

Lessons of the Findings

The above findings are of crucial importance for our purpose for a number of reasons. First, just 'proximity' is not enough for justifying bloc for-

political agenda to dominate the economies of other smaller member countries, EU would have fallen apart long ago. Britain couldn't join European Common Market in the decade of 1960s because of General De Gaulle's resistance which grew into his personal bitterness towards Anglo-Saxon countries developed during the Second World War time. Once this resistance was gone, Britain did become its member. In NAFTA, although Mexico is the weakest partner, no one will be able to say that the United States, the most powerful member, nurtures any political hostility or belligerence towards Mexico. On the contrary, US has helped Mexico during her 1994 financial crisis and also in letting American big corporations establish their subsidiaries in Mexico to take advantage of her cheap labour and export their products back to the US market.

This brings us to the third point. The dominant members of a bloc have to assist their poorer members by giving special dispensations either by opening their economies by reducing their tariffs and non-tariff barriers or by giving larger grants (or 'side payments' in Game-Theoretic language) so that they can increase their economic participations in the bloc. In European Common Market, smaller countries used to be given larger grants from its Common Agricultural Fund. One must appreciate that if the poorer members remain where they are, then with the introduction of higher tariff against the non-members' products, poorer members will lose their outside markets and will be forced to buy and sell in the region. If in the meantime substantial diversification of ex-

portable products as well as the expansion of export capacities haven't taken place in the poorer countries to improve their competitiveness, then these countries will be suffering from larger trade-diverting effects than trade-creating effects which are likely to make them even poorer than before.

Therefore, the poorer countries of the bloc have to be paid some 'side or' compensatory payments. One doesn't see any sign of such payments to the poorer countries of SAPTA. On the contrary, one observes some stringent conditions like 40 percent value-addition of exportable products and a whole gamut of tariff and non-tariff barriers effectively preventing the entry of poorer countries' exports to richer countries of the SAARC.

Conclusions

It is not the simple 'proximity' of countries, or Geo-Economics, known in more elegant language, rather it is the Geo-Politics of the dominant members of the region that determines the trade-flows in a region.

If Geo-Politics is vitiated by hostility or belligerence, then there is no hope of a successful regional bloc for either preferential trade or free trade. Even in the absence of such belligerence, the dominant members have to make either some 'compensatory payments' or some special reductions of tariff and non-tariff barriers to the poorer members of the bloc for its success. Otherwise, such regional trading blocs are doomed to failure.

Further, the poorer members will be better-off by preparing themselves for the entry into the globalised free market rather than being bogged down in the intricacies and rigmaroles of regional trading blocs from which it will be difficult for them to opt out later to take advantage of the globalised free market.



INSIGHT by Kabir U Ahmad

countries with distances and language differences respectively.

However, as for regional blocs, between two countries in ASEAN, East Asia and East and South Asia blocs have significantly higher trade than between two countries with the same distances outside these blocs. But in the case of South Asia, which is represented by trade flows between India and Pakistan only, it is found that the trade between these two countries is 70 percent lower than two otherwise identical economies' outside South Asia.

Similarly, trade between India and China is much lower

information in an otherwise geographically compact region. Geo-Politics plays the most important role in generating trade-flows between countries than Geo-Economics, i.e., trade flows between countries for taking advantage of geographical nearness. Second, wherever regional economic blocs have succeeded even partially, it is largely due to the absence of political animosity or hostility among bloc members especially between the dominant member and the other smaller members of the bloc. This is evident from the history of development of the European Union. Had the dominant members like Germany or France had any hidden

Clinton's Visit to South Asia

Postponement is Not a Surprise, But...

Bangladesh is definitely the innocent victim of the postponement since this would have been a "historic visit" for this country in the sense that no American President was here before. Was it not possible to bifurcate the visit of the President to Bangladesh alone since the CTBT and NPT issues were not related to this country?

inability to visit South Asia including Bangladesh was formally announced by the United States ambassador to Bangladesh John C. Holzman at a press briefing with the members of the Overseas Correspondent Association of Bangladesh (OCAB) on last Wednesday.

He said it was with a deep sense of "deep regret" that the President has informed host the Bangladesh prime minister about the postponement. It was a rare occasion when any American ambassador has spoken so frankly with the newsmen on a variety of subjects. Mr. Holzman is an experienced and distinguished American diplomat who replied to many vexed questions on different issues with the aplomb of a seasoned diplomat.

Incidentally, as the president of the OCAB, I was chairing the occasion and I was not much in a mood to put any question to him when questions were galore from my colleagues. But did ask him one question at the end of the briefing, as I felt it was pertinent. It was about president Clinton's

make the visit, but is it postponed or canceled altogether? was my question. Then I followed it up whether the calling off the visit is entirely for the nuclear-related issues with India and Pakistan or also for the reason that Mr. Clinton is embroiled currently in a sex scandal and also Congressional elections are due in the November when the President is expected to be busy for campaign.

Earlier, the envoy had said that the President is unable to undertake the South Asian trip because talks with India and Pakistan on the issue of nuclear non-proliferation have not reached a stage where it can be described as substantial progress and a visit of the American President can materialise to those two countries. Mr. Holzman was right in saying that it was for the nuclear-related issues with two rival na-

tions of the region that the visit is called off. Because, there was subsequent announcement from the White House that the President will undertake trips to Japan and South Korea in November.

It appears that he was in a position to visit abroad despite his personal problems. Bangladesh is definitely the innocent victim of the postponement since this would have been a "historic visit" for this country in the sense that no American President was here before. The deferment of the visit to India and Pakistan is understandable because in the eye of the Washington, they are at fault by exploding nuclear devices in May, this year, after the announcement of Clinton's visit early this year.

This country was earlier also unfortunate when Secretary of State Madeleine Al-

bright was unable to come here at the last moment owing to sudden pre-occupation in the Gulf although she did come to India and Pakistan for a short duration. So far, the only secretary of state level talks here remains that of Dr. Henry Kissinger way back in October, 1974. Arguably, the visit of President Clinton to Bangladesh was certainly a part of the South Asia trip and India and Pakistan featured as the main itinerary of his programme.

This has also to be admitted that his visit to this country was possible since the President in any case was coming to this region. In fact, whether he would come to Bangladesh at all when he was not going other smaller nations of South Asia after India and Pakistan was somewhat doubtful. But a close adviser of the President, Mr. Bill Richardson, in his capacity as US Ambassador to the UN, was here early this year and formally announced that Mr. Clinton's South Asia trip very much covers Bangladesh. One should give some degree of success for this to our foreign office led by an experienced minister, dynamic state minister and

sound foreign secretary. Indeed, it is a misfortune that finally the visit is not taking place much to the dismay of all.

But was it not possible to bifurcate the visit of the President to Bangladesh alone since the CTBT and NPT issues were not related to this country? Moreover, a visit by the American President to this country at a time when Bangladesh is reeling under worst flooding of the century could give justification to the visit on humanitarian ground, and particularly so, when he was free for a trip at this time abroad. Would it not have enhanced the image of the American President at home and international arena as a humanitarian and helped Mr. Clinton when he is struggling to save his political career?

Mr. Clinton has established himself as a successful President but unfortunately got bogged down by serious personal scandals. It is possible that he may overcome this situation since his record of rebound is somewhat amazing. This may be asking too much but it was not impossible. Humanitarian approach does cut across it us of the world leaders greatly.

Was this angle taken into consideration by the interested American side or the Bangladesh side who could advance this factors and argue in this line? May be it was difficult, but not impossible.



MATTERS AROUND US Zagul Ahmed Chowdhury

To the Editor...

The tale (or is it tail?) of two MPs

Sir, What an absolute disgrace to our nation that two of our members of parliament have been allegedly involved in a shameful episode of trafficking in illegal immigrants.

They have, of course, denied any involvement in this sordid affair, despite the fact that several of the men arrested had the same names as the MPs' sons, and they have also most conveniently forgotten the name of the person to whom they handed over their diplomatic passports to arrange for visas.

The people involved in this type of racket have only helped compound the infamous reputation of Bangladesh in the field of illegal immigration. Can we, the ordinary citizens of this land, travel abroad with any sense of dignity or pride whatsoever when we have such humans to represent us in the highest body of the country?

A Ahmed
Indira Road, Dhaka

Service charge deceit?

Sir, Lately it has become a trend in many so-called posh restaurants in Dhaka to add a 10 per cent service charge to the bill.

In most cases, the customers do not notice it since it is added at the bottom of the bill rather inconspicuously. For a group of four persons, this so-called service charge comes to at least Taka 120.

Since the restaurants are already charging an extra for VAT, my question is: what is this service charge for? In most international five star hotels around the globe, a service charge is usually imposed on their in-house restaurant bills. Tipping is not allowed in these restaurants and this service charge is distributed among all the restaurant employees evenly.

However, when I casually asked a waiter in a local restaurant if this service charge im-

posed on my bill is part of his tips, he rather evasively answered "no". Meaning, even after paying a "forced service charge", I am expected to leave behind a tip for the waiter.

My personal opinion is, if the service of the waiter is good or helpful, we should leave behind a tip for him. This should not be pre-imposed on us in the form of a "service charge". Also, if for any reason, the imposition of service charge is justified then the restaurant management should clearly put up signs saying that tipping is not encouraged.

Will the authorities kindly look into this matter and stop these restaurants from deceiving their customers in the name of "service charge".
A Humble Citizen
Dhaka

Terminology mistake?

Sir, I was reading through one of your articles, titled "It's high time for proper computer education" and it mentions that the government is willing to provide 2-4 megabyte bandwidth connections by next year.

I was curious that Bangladesh is going to provide such an incredible bandwidth to the consumers. But I am being sceptical because that sort of connection does not yet exist

because a generic computer cannot accept more than 60 megabits of data transfer speed. So was the unit 'Megabyte' a typo for a 'Megabit'? I am commenting on this issue because I feel, as a Bangladeshi, our information resources, such as the newspaper, should not be uninformed of the terminologies and so be a ridiculed target.

Hamza Jahangir
Boston, USA

Assaulted ladies

Sir, The newspapers did a good and a bad job at the same time. Good because they finally reported very boldly about the rapes of educated ladies by equally educated men and their university fellows at that. One would think that educated, rather highly educated men as in this case, were not capable of committing such violent crimes, but strangely it is not true. It should indeed make the whole nation hang their heads in shame.

But the bad job they did was, as one friend pointed out, they revealed the name of the educational institution, where this type of horrific crime took place. Now, according to my friend, nobody will knowingly marry a woman of this institution. This is a terrible thing for all the ladies of that institute and we do hope that there will

International Humanist and Ethical Union's open letter to the PM

Your Excellency
We address you this open letter, alarmed at the treatment of our fellow humanist and defender of human rights Ms. Taslima Nasreen, on her return to Bangladesh.

As you know, throughout her 4-year unhappy exile from her home land, Ms. Nasreen constantly spoke of her love for Bangladesh and her people, and of her desire to return home to work for emancipation of women, and to write in her mother tongue Bengali. In the event, Ms. Nasreen returned to Bangladesh displaying unusual courage, and under difficult personal circumstances. Instead of letting her come to terms with her mother's fatal illness, Muslim fundamentalists in your country are targeting her, and renewing calls for her execution on the absurd plea of blasphemy. Recent press reports of her under Section 295 A of Bangladesh Penal Code for having "deliberately and maliciously outraged the religious sentiments of a class of citizens", the issuing of a warrant of arrest against her, and the court order for attachment of her property are deeply disturbing to the international community.

Need one recall that Bangladesh herself took birth thanks to the passionate yearning for freedom among her people, or that your own national language Bengali was the first in which the clarion calls for human freedom were sounded in your part of the world? We cannot forget that poet Tagore sang of freedom of the mind... and that your own father Sheikh Mujibur Rahman, the founding father of the then secular Bangladesh, too has been a victim of religious fanatics, who are now finally being brought to book 25 years after the crime.

Madam Prime Minister: Religious fundamentalism is a menace that needs to be tackled as a high priority, as much in Bangladesh as elsewhere in the world. Ms. Nasreen has every right as a citizen of Bangladesh, and as a member of the world community to speak her mind without fear or favour, and it is her fundamental right to expect the government of Bangladesh to defend these rights.

Human Rights (everyone has the right to freedom of thought, conscience and religion) and that of the International Covenant on Civil and Political Rights (18.2): No one shall be subject to coercion which would impair his freedom to have or to adopt a religion or belief of his choice.

We also would like to note that failure to defend and protect Ms. Nasreen would be utter disregard for the United Nations Declaration on the Elimination of All Forms of Intolerance and Discrimination Based on Religion or Belief (1981), and for the most recent Oslo Declaration on the Freedom of Religion or Belief.

Ms. Nasreen is a member of the International Academy of Humanism, an honour she shares with other literary and scientific personalities Nobel laureate Wole Soyinka, novelist Mario Vargas Llosa, Nobel laureate Herbert Hauptmann and Nobel laureate Murray Gell-Mann. Ms. Nasreen, along with several distinguished humanists who come from Islamic societies, has been championing the rights of women, and we hope that this will strike a sympathetic cord in your own heart.

Members of the Interna-

tional Humanist and Ethical Union (90 member organisations in 35 countries) who have helped Ms. Nasreen in her previous flight to freedom and who have befriended and welcomed her courage, and passion for the freedoms of women are joining forces to defend her right to have no religion, and her right to express her views. Artists, writers, and champions of human freedom around the world too are rallying together to defend Ms. Nasreen's freedom of conscience.

But we fervently hope that this would be unnecessary, and that your liberal government will do the needful in the situation. The world which has come to Bangladesh's aid in every hour of her need, is now awaiting a clear signal from your government that Ms. Nasreen's freedoms will be protected and that those who launch barbaric calls for her execution will be brought to justice.

Yours sincerely,

Levi Fragell
President
and
Babu R R Gogoi
Secretary General

Abul Ashraf Noor
Uttrara, Dhaka

Merits and demerits of high rise buildings

Sir, On 21 September, '98 a news item on DSK drew my attention. I think there's an urgency to evaluate the usefulness and demerits of the high-rise buildings in the context of natural and man-made hazards facing the country in our times.

These buildings are good for shopping centres, doctor's clinics, private offices, business cells or commercial venues to minimise the space for the growing population in our country. But the apartments more than five-storied in height tend to create intense deprivation causing a sharp rise of imbalance between two groups of people — the haves and have-nots.

It is not good for social order which would become 'go areas' for some and 'no go' zones for others as per the UN report this year.