

How Good the New Levies?

The government's imposition of 2 to 15 per cent supplementary duty and surcharge on some services, consumer items and even savings instruments aims to raise additional funds for the post-flood rehabilitation work. But this risks a degree of unpopularity which might dawn as a surprise on many. They could view it perhaps as an instance of pragmatic desperation or desperate pragmatism. At any rate, an argument can be advanced by way of a question that if foreign assistance inflow would not work out to an anticipated level then where do we turn to? Definitely we look inward to scrounge money from where it can be rather than sitting idly by in an overstretched hope that all our expectations in terms of external funding will be eventually met.

Even allowing for such a point of view we cannot help observe that the government is asking for a kind of public sacrifice that seems awkwardly misplaced on the services and consumer items, let alone savings certificates and bank deposits.

The surcharge on the interest or profit accrued from savings certificates and the levy on the interest and profit on fixed and periodic deposits with banks and other financial institutions amount to a reduction in the effective savings and deposit rates which are already considered rather low. With savings thus somewhat disincentivised we cannot hope to see investments pick up. There is no mistaking the interrelationship. There is even a third dimension to it given that it is the prospect of improved local equity participation that tends to stimulate foreign private investment decisions, especially of the collaborative type. Sometimes the foreign direct investors do the weather-taking by means of the barometer of local investment pattern.

The government's austerity drive which is calculated to yield Tk 200 crore — as compared with Tk 300 crore from the new levies — leaves room for belt-tightening because there are some unexplored areas like foreign tours and fuel costs where a greater saving can be effected.

Then finally we would ask the inevitable question: why has not the government passed on to us the benefit of low costs of petroleum products in the international market? They should have reduced the asking price when their oil import bill has effectively gone down. Or put the saving made on the plus side.

Why Punish the People?

Khulna Jubadal leader Wahiduzzaman Chanchal vanished without a trace on Sunday night. A frantic search failed to find him and the following morning his body was found lying at the Nijkhamar point on the Khulna-Satkira Road, hacked by sharp weapons. Violence spread like wild fire and within half an hour the AL office was attacked, as many as 26 automobiles were damaged, shops etc were looted, AL activists retaliated by damaging the BNP office soon after.

The BNP and AL both held press conferences on Monday. AL said Chanchal's murder was the result of inner party squabbles in BNP and its front organisations. In the BNP press conference the leaders said they did not think the murder was AL's handiwork but they might be involved in some way. The Daily Star man on the spot has maintained that Chanchal was murdered in an old Muslim League's house in West Bania Khamar and police has found stains of blood on the walls of this house and has arrested the daughter of the house, an advocate, and the son-in-law.

Why did the BNP elements go on a rampage damaging even some temples of Kali where the annual Shyamala Puja was on? With guns and bombs these hoodlums seriously injured some members of the public as well as some policemen. Chhatra League's violent reaction to the rampage resulted in reducing downtown Khulna into a regular battlefield. And violence spread to satellite towns also. But why?

The BNP leaders called a hartal for Tuesday and no doubt Khulna stood still yesterday, broken possibly by fresh violence. Why this hartal, against whom? The BNP leaders have said identified gang of killers has done it. Is the hartal against them? Road communication with Khulna was snapped in the early hours of Sunday when Chanchal's body was found. Why?

If Chanchal was murdered by criminals or even his adversaries in his organisation, what gives the right to party activists to let loose a mayhem in the city, hurting people, damaging property and temples? Violence against violence — while law and society go abegging.

No matter what happens our people and property, our cities and villages and our life's rhythm and its privacies, all our rights in short must remain safe.

Infernal Death

Thousands have been killed in one earthquake strike, throughout history. Upto four hundred have been killed in gigantic airlines disaster. In the Baltic Sea RoRo ferry disaster some nine hundred died. And the Titanic perhaps went down with 12 hundred luxury passengers and crew. In a way such tragedies pale before the ghastliness of the eastern Nigerian tragedy this week. At least 500 people including women and children were burnt alive and reduced to charcoal in a fire lapping up everything on a 200 square kilometre area. Hundreds on the periphery survived only to land on hospitals with severe burn injuries.

An oil pipeline running through the area was leaking. Thousands gathered to take a free helping of fuel. Some indiscretion, some accident, and the world caught fire. We had an inferno at Magurchara but there weren't so many around. At the Nigerian spot people were crowding as if called to a free feed in a famine-pressed region.

Theories are sprouting with the hour. One says fuel starved poor people were for long stealing oil by drilling holes into the pipe. Another says the leaks were the result of sabotage mounted by anti-government guerrilla groups, whose clash resulted in the fire. The unidentifiable human sculpture in charcoal had a kind of container on the hand — lending special poignancy to the harrowing spectacle.

Whatever the immediate cause, this is verily the curse of poverty at work. Poverty continues to be the greatest tragedy of man, the greatest sin wrought by man on man. Will the new century see an end to the heartless monster?

Another Unnecessary Devaluation

Engaging in repeated competitive devaluation is a risky strategy and would eventually prove counterproductive. The potential benefit to Bangladesh's export earnings is at best uncertain, but the negative effect of such a policy could be severe. The earlier the policy makers realise this, the better it would be for the country.

GIVEN the frequency of devaluation in the last few years, the latest news of a fall in the official value of taka has never been unexpected nor surprising. During the previous rounds of devaluation earlier this year, the government used the expected increase in export earnings and the currency situations in Pakistan and India as a rationale. This time they have added a new argument referring to the effect of the prolonged flooding on domestic output and inflation.

The latest adjustment in the value of taka comes at a time when taka has been quite stable against the US dollar. Even Bangladesh Bank has conceded that "taka continues to remain one of the most stable currencies in the region." If that's the case why devalue? By frequently lowering the value of taka, the government is embarking on a risky path. The negative effect of such a measure would greatly outweigh any positive effect that it might have.

In earlier remarks on this page, I have repeatedly tried to show the perils of frequent devaluation arguing against the myth that devaluation will improve our trade balance. I also raised the possibility of an increased inflationary pressure in the economy. For Bangladesh, devaluation cannot improve the trade balance since the ready-made garments sector which account for 55 per cent of our export earnings depend heavily on imported materials. The Dhaka Metropolitan Chamber of Commerce and Industry (MCCI) has recently published figures on export earnings. The statistics show that export earnings during the last nine months have increased 24 per cent compared to the same time period in the last fiscal year.

I would suggest the MCCI to publish similar figures for import growth. It will inevitably show a dramatic increase in our import bills over the same time-period. Hence any net positive effect on the economy's trade balance has been negligible, at best.

Bangladesh Bank has argued that the adjustment in the value of taka was necessary to "spur growth of exports while retaining its competitive edge." The facts, however, suggest a

rather complex picture. Exchange rate is only one of the determinants of export growth. Devaluations would make exports more competitive only if exportable products of competing nations are homogenous and they contain the same proportion of various factors of production. But that is not the case for exports from Bangladesh and its competitors in the region. These economies are diverse in nature. Industries in Bangladesh are more labour-intensive than its competitors.

Moreover, its labour costs are below the average of the region. Regional currency devaluations should reduce, but not eliminate, the labour-cost differential enjoyed by Bangladesh.

In the garments industry where the competition is more fierce, competing countries with devalued currencies would be unable to capture Bangladesh's share in the world market as such trade is determined by non-tariff barriers imposed by the leading importers such as Europe and the United States. Garment exports are less price-sensitive since they are subject to import quotas. A substantial change in market share is thus unlikely.

Now look at the flip side of this argument. A lower value of taka would raise the cost of production of those industries who expect to gain the most from devaluation, i.e., the garment industry. They will have to pay more for imported raw materials and machinery on which they are heavily dependent. The higher cost of these inputs will be felt quicker than any subsequent rise in exports.

Moreover, the import of fabrics in the garment industry are covered by back-to-back letters of credit. Hence only the local value addition part of their exports would enjoy increased earnings due to devaluation. Exporters will also face a cash flow problem due to the increasing cost of servicing their US dollar-denominated debts. On balance, devaluation by itself would hardly have any positive

impact on their balance sheet.

Recent trade figures support my contention. Despite repeated devaluations since 1990, Bangladesh's trade balance has deteriorated. Supporters of devaluation have mentioned the possibility of a J-curve effect. The J-curve phenomenon refers to the short-run decline in net exports following an exchange rate depreciation, followed by an improvement in net exports. A close look at Bangladesh's net exports in recent years, interestingly, show the presence of an inverted J-curve. Following repeated devaluations after 1990, the trade balance improved temporarily during 1991-93 and has deteriorated since then.

Over the same period, import as a percentage of GDP varied

in the value of taka over the same period. The post-flood rehabilitation programme will require import of millions of tonnes of foodgrains and other essential commodities. The devaluation would greatly increase the import bill in local currency terms, thereby raising an inflationary spectre in the economy.

The fear of an increasing inflationary trend can no longer be ignored. A recent World Bank position paper has acknowledged an 8 per cent inflation rate over a 15-month period beginning from December 1996 to February 1998. The Finance Minister's advisory committee have also warned about the rising inflationary pressure in the economy.

The devaluation would def-

initely have an adverse effect on inflation. Cost of essential food items would increase making it prohibitive for the low-income group. On one hand, the government is talking about the necessity of a successful post-flood rehabilitation programme. On the other hand, its policies are making it almost impossible to attain such a goal.

In this context, I would like to discuss the recent experiences in several East Asian countries regarding currency devaluation and subsequent export earnings. We, in Bangladesh, can learn from their experience.

Since East Asia's financial crisis erupted last year, the value of their currencies have fallen between 35 and 70 per cent against the US dollar. Policy makers in these countries, similar to ours, expected that the steep currency devaluation would enhance exporters' competitiveness and increase the

influx of cheap Asian products worldwide. Yet, so far, East Asia's predicted export boom has failed to arrive. In fact, exports from four countries — Indonesia, Malaysia, the Philippines, and Singapore — have actually fallen marginally in dollar terms since late last year.

Thailand and South Korea have fared somewhat better. Both increased the value of exports earlier this year. But that performance was more modest than the boost many had expected from the devalued currencies. In some cases, a sharp decline in imports have led to an improvement to the trade balance but, in turn, have further deteriorated export prospects. Since a decline in import mean that the countries are bringing in fewer raw materials and intermediate goods for manufacturing, which are now more expensive in terms of local currency, it is contributing to an export downturn.

The failure of the myth that the East Asian economies can export their way out of trouble can be attributed to several daunting obstacles that they face. Some arise from the financial crisis while others are related to deeper structural weaknesses in the economy. An analysis of these bottlenecks would help policy makers in Bangladesh to take appropriate measures in order to truly improve our trade balance.

The most pressing problem evident in East Asia is the acute shortage of available credit for the exporters. Countries had to undertake IMF-prescribed tight monetary policy and restructuring of the financial systems. This led to high interest rates and credit crunch. Thailand and Indonesia are prime examples. Government in both countries have poured large amount of money in order to prevent banks and financial institutions from collapsing. A major portion of this money has been raised through borrowing from the surviving financial institutions. This obviously crowded out domestic credit from potential exporters.

The difficulty of securing letters of credit through local banks have also compounded the problem. The letters of credit are used to finance not only sales abroad but also imported inputs, on which many export industries rely. This problem raised the spectre of an energy shortage in South Korea where foreign suppliers refused to ship oil unless importers gave letters of credit issued by foreign banks, since local banks were not considered internationally as credit worthy. Exporters are also having trouble finding containers to ship their goods, as so few are arriving carrying imports.

Many of the leading export industries are also handicapped because currency devaluation have sharply increased the cost of imported raw materials and machinery. For example, textile and shoe industries in Indonesia have been forced to cut back on work shifts and lay off workers due to sky-rocketing import costs. The textile and garment industry in Thailand, where 80 per cent of the raw materials are imported, is also facing similar problem.

The policy experiences in these countries show that devaluation, by itself, has failed to achieve its stated goal of improving export performances. The real solution to our export problem lies in removing the bottlenecks faced by the exporters, not through periodic downward adjustments in the value of taka.

The devaluation has occurred after the return of our Finance Minister from the IMF-World Bank annual meeting. It is possible that the Finance Ministry and the Bangladesh Bank felt the pressure from the IMF and the other donor countries in this regard. If the past performance is any indication, we can expect another devaluation before the end of the year when the value of US dollar will be fixed at around 50 taka.

Engaging in repeated competitive devaluation is a risky strategy and would eventually prove counterproductive. The potential benefit to Bangladesh's export earnings is at best uncertain, but the negative effect of such a policy could be severe. The earlier the policy makers realise this, the better it would be for the country.



from a low of about 14 per cent in 1991 to a high of about 21 per cent in 1995. Given our heavy dependence on import, devaluation would raise the import bill significantly. It would increase the domestic price of imports ranging from essential food items and fuel to raw materials and intermediate goods. This price increase would eventually be passed over to the consumers through higher prices of final consumption goods.

The higher import bill would cancel any expected increase in export earnings. Consequently, the possibility that devaluation would improve our foreign exchange reserve is, at best, remote.

Since 1995, Bangladesh's foreign exchange reserve has dwindled from about US dollar 3.4 billion to only US dollar 1.66 billion, enough to buy imports for three months. This has happened despite at least sixteen downward adjustments

LETTER FROM AMERICA

Rapists at Jahangirnagar University are Not "Students"; They are Criminals!

Dr. Fakhruddin Ahmed writes from Princeton

The assaulted female students should consider suing Jahangirnagar University and the government for a hefty sum of money, for failing to protect them. If the University is too timid to face up to the rapist criminals, then the University should be closed down until such time it can guarantee the safety of its female students.

WE are all born human beings. As we grow up, what we do, define us. If we teach, we are labeled teachers; we practice medicine, we are doctors; if stealing is what we do, we are thieves! The pursuit of knowledge confers on us the grandiloquent status of a "student". However, if a "student" rapes, like a chameleon he simply transforms into a despicable criminal — a rapist animal! Students don't rape, criminals do!

Our hearts bleed at the thought of the those Jahangirnagar University female students and their parents. The parents had sent their precious little daughters with high hopes to a higher seat of learning. The young women were hoping to make a better life for themselves through higher education. Instead, they became the victims of the most heinous high crime — short of murder — a woman can be subjected to, at the hands of fellow male "students". (One wishes that the Prime Minister had met and commiserated with the women victims.)

What is most infuriating about the crime is the "demand" of the rapists that the victims first identify themselves, and then their rapists; only then will the perpetrators acknowledge their guilt! The rapists

know full well that because of the humiliating nature of the crime, that never happens. It is even more maddening to learn that the rapists are being treated leniently because they belong to the student wing of the ruling party! If the government is unwilling to move on them, let someone else identify the rapists to the general public; we shall then see how brave the rapists are!

Rape is the ultimate dishonor a man can inflict on a woman. It is every woman's worst secret nightmare. It is the invasion of her privacy which she holds dearest, stealing of her priceless modesty by soiling it, and the utter violation of her as a being. It is dismissing

woman as nothing more than pounds of flesh. It is so humiliating to women that rape victims, even in the permissive West, often times suppress the crime, even kill themselves, because of shame. Such a pity, because in truth, the shame is on men. Men have for centuries tried to "blame" women for rapes. Provocative female dresses, suggestive conversations, "no" actually means "yes" etc, have been favourite male subterfuge. But what the rapist males have always ignored is, "no" means "no". It is true that thanks to "Vive La Difference", men are attracted to women because of who they are. There is nothing wrong with that. That, however, does not license men

to assault women. Attempting to kick an attacker in the groin may be very tempting, but it may be counterproductive. What if the attempt fails; then the woman will be at the mercy of a mad dog! Blindly the attacker with irritants, such as throwing chili powder into the eyes, may be a better alternative. But why are we talking about treating the symptoms? We should go for the cure, which is a zero-tolerance and the severest punishment societal policy for rapists.

Not so long ago, at worst men were content with salacious looks directed at women, or at best went home and wrote poetry about their beauty. Even in the late sixties and early sev-

enties, if a male university student in Bangladesh mustered enough "courage" to go and talk to a female student, it was considered a major accomplishment! How Bangladesh has changed for the worse! What worries expatriate Bangladeshis is that Bangladeshi society has become so rotten to the core that criminality has invaded the male university student body. How many times have history been witness to the moral degeneration of nations that preceded its physical destruction.

To encourage woman to come forward, in the West the identity of the woman rape victim is always kept secret. Ident-

ification of the rapists has become much easier in the United States through DNA testing (remember Monica Lewinsky's blue dress with Presidential stains that matched Clinton's DNA?). If there are any body fluid marks of the Jahangirnagar University criminals on their women victims' dresses, those dresses should be carefully preserved. If Bangladesh government is unwilling, the writer and other expatriates will be glad to pay the laboratory fees and have the dresses DNA-tested in the USA, so that the criminals are positively identified and put away for the longest time the law allows.

The assaulted female students should consider suing Jahangirnagar University and the government for a hefty sum of money, for failing to protect them. If the University is too timid to face up to the rapist criminals, then the University should be closed down until such time it can guarantee the safety of its female students. If the government is unwilling to punish its own "student" goondas, then it forfeits the right to call itself a democratically elected government, and becomes a Somalia-like government of the war lords. Bereft of moral authority, the government should then resign.

Words that I Never Thought I would Write

by Shamsad Mortuza

Let us help JU diagnose the cancer and in removing it. We have too little time to take sadistic pleasure and political gain from JU's pain.

I thank the media for tearing Jahangirnagar University down worse than anybody could. As an alumnus, a faculty member, and a Senate representative of Jahangirnagar University (JU) I thank the media for delving into the "facts" and the extravagance of the moment. My association with the press, however, has taught me to take the fact of the press with a considerable grain of salt. Sitting at a time difference of 13 hours from Bangladesh (where the day is night and the night is day), it is hard to make sense of the news of JU in the cyberspace. In my limited scope, I will touch some bases to understand what really is going on back home.

Last weekend at a Bangladesh party here in Tucson, Arizona I was accosted by scores of my fellow countrymen. "What is

going on in JU? You should be ashamed of yourself!" Well, ashamed I was but not because I hailed from JU. I felt ashamed because I was in the midst of ignorance and because I was encountering the best brains of our country being prepared for the US job market and salvaged from the "shame" of the country. I envy those "blessed" souls who are engineering to escape reality.

In an email, one of my colleagues from home expressed her mother's concern about the news of people backing out from

Jahangirnagar University. Her mother was worried that soon it would spill over on the teachers as well. My colleague is of the opinion that this is quite possible considering the image the JU has created for itself. She also maintains that the male (bachelor) teachers will not be exempted from this because the newspapers are carrying news of male teachers taking advantage of their female students.

When I called back home, my wife suggested that I should start thinking of quitting JU. "People say all sorts of things about it. I humbly beg to differ. I am not ashamed anymore. I am proud to be a student-turned-faculty of Jahangirnagar University. I am proud because Jahangirnagar reflects the true state of our society. I know where the pain is; I know where the cancer is! And I know what needs to be addressed."

Jahangirnagar University is not an island rather it is a microcosm. The sexual abuse in the university represents the whole country. So when my fellow countrymen taunt me with shame for being a JU member, I cannot help laughing. They are the ones who believe that bad things always happen to the people next door. They forget that they smell the same as I do. I am reminded of the *Jat Jat* cartoon in this regard. It shows a political leader clad in black coat kicking the private parts of three students in front of the JU main entrance. The leader is shouting, "I haven't told you to use these arms." The magazine's feature article criticised the ruling party for supporting its stu-

dent body in the whole affair. It also criticised "Awami" intellectuals for not flaying the government in their protest rally against rapes held at the Jahangirnagar campus.

It does not matter whether you rape wearing a Jinnah cap or a Mujib cap, an army helmet or a police badge. A rape is a rape. There are two parties involved in it: the (male) sexual aggressor and the (female) victim. However, this is not to say that politics is not a factor involved in it. But giving it a political colour will be a step toward institutionalising rape.

As a student, I have never involved with any kind of student politics. As a campus reporter, I had the professional obligation to maintain objectivity. That was the heyday of Jatiyatabadi Chhatra Dal (JCD). I have seen one of our former vice chancellors using JCD members to reach the former Prime Minister (chancellor). I have seen the former information minister publicly rebuking a provost for expelling student leaders (after all, the provost was their 'man'). I have seen the JUCSU vice president beating up a university staff for being a peeping Tom in his "public fornication". I have students beating up teachers and a respected teacher not identifying the responsible students in the courtroom. Any discerning reader will remember these incidents to which I am alluding. The JCD men then outnumbered their rival Chhatra League (BCL) supporters by 10 to 1.

I scorned myself when these JCD men suddenly covered up their torn Zia vest with black Mujib coat. In one fell swoop, the ratio reversed. I was a faculty by then, and was no longer

interested in student politics. From the press, I came to know that the BCL men took control of all the dormitories with the fall of the BNP government in 1996. The course of the political stream swerved from "Shugandha" to "Karotoa"; the stage remained the same — only the characters changed.

In one of my earlier articles, I mentioned that rape is a perverted expression. There is perhaps something more to it. The recent incidents in my university have led me to believe that rape is more than an idiosyncratic act committed by a few "sick" perverts. I have referred to the political scenario of JU not to shift blames but because, I believe, that the notion of "power" is deeply related to the recent sexual aggressions. My hunch took me to the library to find the psychodynamic of rape.

According to Nicholas Groth (1979), there are three types of rape: Anger Rape, in which sexuality becomes a hostile act; Power Rape in which sexuality becomes an expression of conquest; and Sadistic Rape, in which anger and power become eroticised.

The United States is one of the most rape prone countries. A rape is reported in the United States every 6 minutes (American Journal Public Health 83:11, 1993). Campus rapes, especially date rapes, are very common in this country. A random sampling shows that 40 per cent of female students experienced forcible sex.

Another study shows that the fraternity boys are the offenders in 80 per cent of the rapes. They do it partly because of their narrow interpretation of masculinity. They try to cre-

To the Editor...

Strike

Sir, I fully comprehend BNP's sentiments about calling a strike on the 18th of October.

They have been mute in the political field for a long time due to the prevailing flood situation. They needed to voice their presence sooner or later. But the timing of their hartal has not at all been appropriate since on the very day two participants of the knock-out cricket tournament arrived in the capital.

It is very embarrassing for us as a nation to receive the cricket teams amidst a strike considering the issue of the strike. Refusing one to stage a hunger strike cannot be on any account a sensible issue for a dawn-to-dusk strike even in a country like ours where a strike can be called in a day's notice.

The political parties have got to put the country's interest first, though I doubt that any one benefits from politics of

mud-slinging.

S Mahfuz Dhaka

"Hassles of bills"

Sir, Thanks a lot to Dr. Sabrina Q Rashid for her very reasonable and logical suggestions regarding the above [DS dt. 18.9.98]. If the bills are prepared and paid two or three months basis all these hassles will be reduced. There will be expense reduction of same proportion in preparation and collection of bills as also time and stationary. It will also reduce some congestions on roads and banks.

Authorities concerned are earnestly requested to look into this and act to give some relief to all associated with the system.

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