

Do Not Confuse Default Issue

THE decision of the Parliamentary Standing Committee on Industries to launch a probe into the default problem amidst an intense drive to discipline the country's financial sector could have been regarded as a complementary step had there not been a discernible attempt by a few legislators to scuttle the process by defending the defaulters. Even worse, the minister for commerce and industries went to the extent of censoring the President for criticising the defaulters "without considering the reality". The reality, it seems, at this point of time, is that these discordant voices are, knowingly or unknowingly, trying to diffuse the discernible division between the 'wilful' and 'circumstantial' defaulters. Their attempt, added to that of some FBCCI high-ups, may, in the end, create the perfect leeway for the unscrupulous entrepreneurs to slip out through the noose.

The 'circumstantial' defaulters, meaning thereby industrialists who have failed to repay bank loans as per schedule for compelling economic reasons, indeed deserve leniency as far as consideration for rescheduling is concerned. But the same should not apply to those who have deliberately weakened the economy by recourse to over-invoicing, *benami* borrowing or lending without any identifiable collateral. Indeed, the system is at fault and, in that context, the initiative to trace out the reasons behind rampant default culture is timely and thus praiseworthy. However, obsession with the notion of 'systemic failure' may give rise to the ideal pretext for 'wilful' defaulters to justify their act and get away with impunity.

Therefore, the legislators would do the economy a world of good, if they invested their efforts to identify the real defaulters and mete out severe punishment to them. They must recognise the fact that the first step towards financial discipline is weeding out default culture. They should get the priorities right, instead of creating confusion by making irresponsible statements.

Give Them Security

THE National Council for Women Development (NCWD) report, presented on Tuesday last at the International Conference Centre in presence of Prime Minister Sheikh Hasina, revealed that we have not been on course to protect our women from various forms of repression. The NCWD report, the second of its type, gave shocking statistics about how low the level of sensitisation is on women repression. The number of filed cases across the country was 5,434 in 1997, which increased to 6,210 in 1998, but the last five months of '99 saw only 2,583 cases being registered. After enormous efforts, both at the government and non-government levels, to reduce repression, this reported plight of the female population of the country is a sore point. When many a serious infliction-related case goes unreported, there are allegations of police indifference to record cases and those of deaths and torture in police custody, eroding faith in the law enforcement personnel.

We certainly have a plenty to do in this front. Anything short of a women-sensitive and friendly society would make all the promises about improving their lot hollow. The issue demands action to curb sufferings of women. The number of cases may tell horrifying tales but the absence of a single conviction leads us to believe that women's dignity in Bangladesh is still a distant dream.

The legal aid groups and the media can join forces to raise awareness level among women who come forward with their grievances in a greater number seeking redressal. A mechanism has to be set in motion so that if any police personnel refuses to register any particular case, he has to record the reasons for it. Any alleged distress in police custody must not go without investigation followed by legal action. A sense of uprightness has to be instilled in the lawmen, so that the country gets the best service from them. It is time to put a brake on all forms of injustice to women, or we are doomed to perdition.

Preserving Open Spaces

THE Cabinet's approval of a draft law for preserving open places, play grounds and natural waterbodies in Dhaka, Chittagong, Khulna and Rajshahi metropolitan areas as well as the district towns may take some more time before it becomes a law. During the absence of such a law there were directives from the prime minister on the subject but these went unheeded soon after they were issued. Violation of the directives has been clearly noticed in the case of lake-filling at Gulshan and Baridhara by no less an organisation than the Rajuk itself which is supposed to be an apex body for systematic development of Metropolitan Dhaka.

Though late, the government has realised the necessity of enacting such a law. But the law itself would be ineffective unless applied in letter and spirit by the authorities, particularly in the above-mentioned metropolitan areas. Actually, many open fields and waterbodies have been filled up giving three hoots to the existing laws and these have been allotted for residential and commercial purposes, to a large number of people enjoying government blessings, by Rajuk in Dhaka.

This has to stop and the supervision of the ministry concerned should be stepped up against aggrandisement and abuse of open spaces by land-grabbers. Deterrent punishment should be prescribed in the proposed law against the violators and offenders to strike a difference with other laws on the subject. Dhaka city has already become a huge garbage can and an enormous gas chamber through the courtesy of the Dhaka City Corporation, transport ministry and the ministry of environment. And the already unbearable situation is made the worse by Rajuk and its beneficiaries. We are glad the cabinet has finally woken up to the need of a law but we do hope it is passed quickly and applied effectively for the greater good of the citizens, specially the future generations.

Discussing the Devaluation

In the realm of assessment of the success of devaluation, one should not emphasise exporter's earnings only but also whether new faces are entering into the export arena.

In a recent move, Taka was once again devalued. The latest dose of devaluation has lowered the external value of the Bangladeshi currency by 2 per cent. Following this devaluation, Bangladesh Bank's buying and selling rates for US dollar would be Tk 49.35 and Tk 49.65 respectively. Finance Minister (FM) S. M. S. Kibria reportedly, defended the new dose of devaluation by arguing that Bangladesh exports has been facing a decline and to stem the rot devaluation was called a necessity. According to available figures, the growth of garments which is the highest income earner for us from abroad comes down to 12 per cent this fiscal against 23 per cent in the previous fiscal. "It has been done to keep the proper valuation of our currency. It was also done to keep our exchange rates in the right place. I don't want the Taka to be devalued or under valued. This (devaluation) is the judgement made by the Bangladeshi Bank which I endorse. It has been done in slow doses"

The arguments for and against currency devaluation are well documented in economics text books. Primarily it helps to heal exporters' woes



Beneath the Surface

by Abdul Bayes

income. The main reason for this pattern is that rural and low-income households tend to be insulated from price changes by being less integrated in the cash economy.

On the other hand, in a comparison of devaluation episodes in nine countries, it could be observed that "devaluation may reduce income disparities when the major export crop is produced by small farmers, while exacerbating inequality where export oriented plantation dominate." For Bangladesh, for example, devaluation could be an inequality reducing episode if the exports of horticultural and agricultural products could be increased because, generally small and marginal farmers are engaged in the production of these commodities.

Whether a devaluation would help or hurt would hinge on few other factors. First, to use the widely used technical jargon, if the sum of the elasticity of demand for exports and imports exceeds unity, then

devaluation is likely to benefit the country concerned. Second, the exchange rate that concerns most is the real exchange rate (i.e. adjusted for inflation). Third,

the effect of devaluation also depends on retaliatory devaluation by some other countries. Further, the distinction between gross and net devaluation needs to be taken in due cognizance with due weight. If, for example, a 10 per cent devaluation is followed by the abolition of a 10 per cent import duty and a 10 per cent export subsidy, the net effect is likely to be zero.

Fifth, it is generally argued that small and temporary devaluation may not be able to produce expected results from the measures. "It must be substantial and sustained to offset the bias against exports relative to sales. Otherwise, required resource allocation may not take place." And finally, whether devaluation would be inflationary or not would also depend, among other things, on whether there has been concomitant reduction in the import duties on important inputs.

The danger of devaluation is that it appears as the most easily available instrument to policy makers. And therefore, more often than not we hear the allegation that 'B' government did it for X times and 'A' government did it for Y times. Currency misalignment originates from cost escalations in the production of goods and services. The policy makers should always think as to why our exporters tend to lose their competitive edge in the international market. It does not require robust research to find that the failure of any government to address the non-economic issues mostly causes the crisis to creep up.

The services that a government should provide to the producers in terms of electricity, telephone, law and order, other infrastructural facilities and human resources development do not seem to follow in tandem with the requirements of exporters. Hence, the long run solution to currency misalignment lies not in mere devaluation but in making these services available to the exporters at a cheaper cost. We can only hope that the government would take care of these factors rather than resorting to frequent devaluation.

And finally, in the realm of assessment of the success of devaluation, one should not emphasise exporter's earnings only but also whether new faces are entering into the export arena. In other words, if devaluation helps the growth of both exports and exporters, we could rest with complacency. Of course, again, entries would call for a good governance that primarily addresses non-economic factors.

To the Editor...

Why blame India alone?

Sir, Bangladesh is definitely the loser and India is the gainer if the trade gap between the two neighbouring countries are taken into consideration which is estimated Taka four thousand crore a year. The amount will be much higher if the unofficial cross-border trade is brought into calculation.

It is true that shops and markets in our country are flooded with varieties of smuggled Indian goods and commodities. And it is a common feature for some of us to always blame India for this.

But what about the sale of costly smuggled American and British cigarettes, foreign liquors, smuggled gold from the Middle Eastern countries, Singapore and Hongkong?

Let us call a spade a spade and first rectify and purify ourselves.

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Rehabilitation of the terrorists?

Sir, It is rather perturbing to read a news item about the government's contemplated plan to absorb some of the rehabilitated, re-oriented, de-sanitized hard and soft-core terrorists in the semi-police organization of the Ansars. There are a number of pre-conditions and implications which may be carefully gone into before experimenting with a loaded new system in the public domain.

The first phase should be slow and not rushed into without background assurance of quality control; as one's character cannot be changed that quickly, as intent, promise, vow or pledge are not enough to clean blood and bones (as the vernacular idiom goes).

Though characters, good or bad, can deliver certain services which ordinary persons cannot do. That is how commission, *baksish*, rent-seeking culture flourishes in the society. How to 'neutralise' these former terrorists? Ask the psychologists on how to brain-wash and indoctrinate. What is the guarantee that they would be officially employed in 'neutral' assignments, considering the high degree of politicisation we see all around. This is open secret and all regimes do it - the difference is not kind.

These hardened characters should not be let loose outdoors initially after the first morally deterrent bath, but their behaviour pattern have to be watched carefully while on carefully assigned duties indoors, out of contact with the public (virus contamination).

The power that appear to be at present to harass the opponents: (i) character assassi-

nation and *gala-gala* (ii) implicating thousands of persons in questionable court cases; (iii) use of force and violence indirectly involving unseen godfathers. The moral environment has been vitiated through official and political encouragement of dubious culture. Let loose the saintly terrorists into the society under these circumstances? Better start with some file work away from counter-service (bureaucracy is a sedentary habit).

The credibility gap has to be narrowed, not widened.

Abul M. Ahmad
Dhaka

Indo-Bangladesh trade relations

Sir, Why Bangladesh cannot impose reciprocal trade sanctions on mighty India? Soft-pedalling is not successful. Announce a deadline, and go into action (taking care of increased smuggling).

India can't do much, engaged as she is with her own border problems in NE and North. During the monsoon season we need not bother about Farakka screwing. No SAARC country can influence (significantly) the big brother, except Pakistan on the Kashmir issue. When there is nothing to lose, why take it lying down? It is not confrontation, but retaliation in equal measure.

AZ
Dhaka

Public service examination for public representatives

Sir, We have seen deliberations of our leaders in the parliament. Many of us were shocked. We have seen their best form of mud-sludging. We have seen waste of valuable time of our parliament. Only a handful of them have contributed in logical budgetary discussion. Mostly have discussed irrelevant issues just to kill time.

The reasons are many not to understand the significance of budget discussion in the parliament, have no knowledge of national resources and means, cannot quote reference laws to establish an argument. The information base of our parliamentarians is very limited required for democratic practices. We need more informed parliamentarians.

In order to upgrade the quality of our public representatives, be him/her an MP, or UP member or UZ chairmen, I propose a system of Public Service Examination to be held annually. Any candidate running for public office must pass this 'Public Service Examination' anytime beforehand. Constitution, Law, general knowledge etc. of Bangladesh should be

the subjects of public examination besides skill in logical framework of issues and norms of meeting proceedings.

Dr. M. Rafiqul Islam
Dhaka

Who will save us?

Sir, Who will save us from the clutches of dishonest, self-aggrandised and self-seeking politicians belonging to different political parties who, according to President, Justice Shahabuddin Ahmed, are dependent upon corrupt businessmen for their survival. The President publicly charged, "political parties take huge funds from loan defaulters...". He went on to say, "These political parties cannot continue, without support from the big loan defaulters, just the way they cannot continue without students, musclemen and terrorists." (DS July 2, 1999).

Politicians are not only callous with the public fund, they have also proved beyond doubt that they do not have an iota of compunction in looting people's bank deposits in return for huge amount of contributions from bank loan defaulters and protecting them with all the powers they have at the state level.

Nowadays these swindlers are also honoured by their inclusion in official delegations going abroad lead by the head of the government. The matter of free play with the state treasury did not end with the hob-nobbing between the politicians in power and the loan defaulters. Due to the financial mismanagement, a "sarkar ki mal daria may dhal" attitude prevailed, making no differentiation between public coffers and the personal and party fund leading to serious shortfall in the treasury. The usurpers of the public fund, finding no or little money at its disposal go around the commercial banks for loans to pay salary to government employees. When this shameful practice is found to be not enough then the people's hard-earned savings in the banks are swindled. In the absence of integrity, sense of responsibility, and transparency in serious and important matters in governance where will the people be financially hit next?

In the process of destroying basic institutions, political parties - while in power - leave no stone unturned for protecting their greed with no regard for the safety and security of the people at large. Under these excruciating circumstances where can the people go for justice, for education of their wards, safety of the women and children from molesters and rapists, non-partisan and uncorrupted police and bureaucratic help?

Vox Populi
Dhaka

Passing Away of King Hassan II

Although monarchy in Morocco is ancient, there is a feeling of fragility regarding this institution. Morocco is a relatively stable country and the late King Hassan II left it in a reasonably prosperous state. Morocco is one of the largest exporters of phosphate in the world. As leaders from around the world converged for the funeral of King Hassan II they no doubt discovered that his death has left a void that will be difficult to fill.

THE death of King Hassan II of Morocco is leaving a void that will be difficult to fill. With a reign stretching 38 years, he was one of the longest serving monarchs of the world. With the recent death of King Hussein of Jordan, the monarchs of the Arab world are leaving the scene creating a sort of big emptiness in the political arena within the country and the region.

King Hassan II ascended the throne at the early age of 32 following the death of his father Mohammad V. It is true that he prepared his son to the Arab tradition he held all the reins of power. He was proud of the fact that he traced his ancestry from Prophet Muhammad (SA). He was determined to establish a distinctive identity for Morocco, quite different from her other Maghreb neighbours like Algeria and Tunisia. He paid a lot of attention to the distinct cultural identity of Morocco including a fine Moroccan cuisine. I was an ambassador of Bangladesh in Morocco and as Assistant Secretary General of the Organisation of Islamic Conference (OIC) was a frequent visitor to that country. The King took infinite personal interest in entertaining his guests and organised meetings in different cities and offered sumptuous meals.

King Hassan II was an activist on the international stage. He paid a lot of attention to the OIC and it was born in Rabat, the capital of Morocco. This was in 1969 following the arson at the Al-Aqsa mosque in Jerusalem. Jews were suspected to have started the arson, the most important question of the Islamic World - the question of Jerusalem - was dealt exclusively by King Hassan II within the OIC, which had set up a special committee and named King Hassan II as its permanent chairman. He took great personal interest in the question and I as the head of the political department of the OIC attended many meetings chaired by King Hassan II. It is a measure of the involvement of King Hassan II in the OIC affairs that several institutions of the OIC like the Trade Centre in Casablanca are located in Morocco. The current Secretary General of the OIC is a Moroccan. I recall that on one occasion I attended a meeting in Rabat chaired by the Crown Prince (then not in his twenties) now the King of Morocco. Sensing his failing health, he was not doubt preparing his son for the eventual succession.

And again in 1984, King Hassan II treated his fellow OIC heads of state with high drama by closing the tall doors of the palace, where the OIC Summit was taking place and engineered the return of Egypt to the OIC fold from where she had been expelled a few years earlier. King Hassan projected an image of a benevolent ruler and the country with its breathtaking scenic beauty, history and culture, attracts tourists by the million. This image of stability existed in spite of the fact that King Hassan II was a frequent target of assassins.

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OPINION

The Controversy over Growth Rate

Dr. Manzur Alam

When the finance minister announced that the country achieved a GDP growth rate of 5.2 per cent there was a huge cry of disbelief from all corners. Even a prestigious institution like the World Bank, that supposedly employs brilliant economists, also joined the cry saying that in a year of devastating flood this high growth figure is incredible. I shall argue that it is precisely because of the floods that the growth rate should be higher than the norm.

To understand my argument one should start from the definition of GDP. GDP is a measure of the total value of the (final) outputs produced in a year within a country. In calculating the total value of final outputs, GDP includes both 'good's as well as 'bad's. If a country is hit by an earthquake or flood, lot of clean-up and rebuilding has to be done. Although these rebuilding and clean-up activities do not increase the wellbeing of the citizens, but GDP becomes bigger. If a home is destroyed by flood, GDP doesn't go down. However, when this house is rebuilt, the entire value of the house is included in the GDP. Same thing happens with regard to roads, highways and all other capital stock. In addition to replenishment of the capital stock, there is a spurt of activity in cleaning and rehabilitation associated with all disasters. That is why we find that Japan

GDP figure can be accounted for by rebuilding and repairing the capital stock including rebuilding of houses, restoration of land for cultivation etc. One more factor that may also account for the higher growth figure is the increased marketing of poultry and livestock. Because the floods progressed at a very slow pace, farmers were able to take the poultry and livestock away from flood affected area and sell them in the market. If there were no floods people would use a significant part of the poultry and livestock for their own household consumption purposes and their value would remain out of the GDP figures. Since the floods forced them to sell those, the value of these became part of the GDP measure.

There is, however, one aspect where the critics of the government may have a stronger point. The point is the relative importance of Aman crop. It is true that Aman crops suffered a severe damage due to the floods which constitute a significant part of the GDP. In fact the whole argument of the critics rest on the damage to Aman crops. The Government response has been that the bumper boro crops have more than offset that damage. My argument is that, even if the boro crops failed to compensate for Aman shortfall, the increased

Amateurish DCC Mismanagement

Alif Zabr

(and others) have to be shifted to the interior. The vendors cannot sit there without *salami*. Who are collecting the tolls? We know whom to ask.

In the road at the back of the wet market, several dozen *puccu* stalls have been constructed by the DCC for rental, but the service connections are still pending for a year (light, toilet, shutters, etc).