

## Lynching on Rise

AVAILABLE statistics strongly suggests a disconcerting deterioration of law and order across the country, even though the government, especially the home ministry, want us to believe otherwise. A capital-specific count shows a sharp rise in incidents of murder over the last two months. The survey report by Odhikar, a coalition for human rights, reveals an even darker side of the story: 661 incidents of rape and 99 of acid-throwing in the last eight months. Also, 46 persons died in prison, police station, court and DB custody while 28 domestic hands died of "torture and other reasons" in the said period. Appallingly, 22 of the rape victims were aged below five years. In the apparent absence of expected activism from the law enforcement apparatus, the situation speaks of a state of sheer lawlessness. Under these circumstances, increasing incidences of lynching of alleged muggers—10 in a month in Dhaka and Chittagong—utterly despicable though these are, seem an inevitable consequence. There seems to be a discernible pattern here: People taking the law in their own hands hints at a growing impatience among the citizenry, especially the urbanites, at the police's failure to protect their lives and properties.

Under any circumstance, lynching is unpardonable and despicable, for it strikes at the very roots of the concept of civilised society by undermining the supremacy of law. Even if we assume that the victims were heinous criminals, for the sake of argument, and that they were caught red-handed, it certainly doesn't justify the way they had been denied their fundamental rights to justice. Both the acts—mugging and subsequent lynching—are criminal in the eye of law and therefore not exonerable. Unfortunately, so far, almost in each incidence of lynching, no case was filed primarily because there was no accuser. In other words, the state is officially unaware of these 'unnatural' deaths, thereby negating the option for the law to take its course.

Beyond doubt, responsibility for such a state of anarchy squarely falls on the government. Increasing incidents of crimes, including lynching, essentially indicate its failure to protect the rights of the people. Unfortunately, it appears indifferent to the negative indicators and their ominous implications. Rising trend of lynching clearly adds a new dimension to the prevalent lawlessness in the country. Imminent administrative intervention is imperative lest it should snowball into a major social crisis.

## Reform Labour Laws

TWO persons lost their lives in a show-down between two rival trade unions in a textile mill. Both the groups reportedly enjoy the blessings of the ruling party. A number of others were injured in the clash of small arms and crackers. The law-enforcing agencies despite repeated requests from mill authorities to visit the place of occurrence allegedly did not turn up on time. The carnage continued for quite some time until the alleged attacking group left the scene.

The nature of labour politics and the role of trade unions have undergone a tremendous metamorphosis during the last 28 years since our national independence. Once the conflict was confined mainly within the political dictum of a progressive approach to the demands of workers. Then it became professional labour unionism of the wrong kind with sinecures taking charge. This is evident in the present conflict where both the groups are claiming ruling party patronage. Since the demolition of the socialistic system in Europe and elsewhere in the world labour leadership has slipped into the hands of reactionary people and the whole movement has plunged into darkness.

For the last 24 years we have been continually assured that labour reforms were round the corner but nothing has happened so far. There ought to be laws that will curb terrorism in labour unions and ensure the right to organised movement for realisation of legitimate demands of the workers. In this case the clandestine operation of two rival union leaders and their gun running must be taken up with all seriousness and the culprits brought to book. At the same time, the police must explain their conduct for their 'belated presence' at the place of occurrence. If this is what the police is doing under the nose of the minister concerned and the police top brass in the Dhaka city then may God help those who are far away needing police help and protection.

## Pay Them Regularly

THE Executive Committee of National Economic Council (ECNEC) had some time ago endorsed a government proposal to bring the EPI people under the revenue budget to facilitate payment of salaries to them. But they still remain under the development budget facing uncertainty in receiving their "remuneration". As a matter of fact, the officials and staff numbering 191 all over the country have not received their wages for the last two months.

Since its launching in 1979, the Extended Programme of Immunisation (EPI) has been a success story in the country's otherwise troubled health-care sector. This project has given impetus to other projects in the sense that by reducing the child mortality rate in Bangladesh it has stimulated the adoption of various child welfare related programmes. Since the EPI is a continuing process those who work under the programme need to have a permanent footing.

In the whirlwind of developmental works, those who take the much-needed "care" of children cannot be neglected. We wonder why the achievement of these people has gone almost unsung, and to add to their misery, we have taken long twenty years to think of putting them under the revenue budget. We urge to the ministry concerned to recognise the good work of this group of people and ensure their rightful status in the government set-up.

# Changes in Interest Rate and the Responses

*The linkages between interest rate and responses from economic agents is contingent upon the prevailing health of the financial sector. With about half of the total loans non-performing, it remains a big question — how a lowering of interest rate should ripple through the economy to yield desired result?*

BANGLADESH saves, on average, only a tenth of its total production output, consuming the remaining 90 per cent. The rate of domestic savings here stands much lower than the average of about 28 per cent of GNP in East Asian countries and 15 per cent in South Asia. However, the savings rate stands close to the average of sub-Saharan Africa's nine per cent. Thrift and growth are said to be interlinked and the link is clearly forestalled by the economic performance and savings rate of the newly emerging East Asian countries. Admittedly, a country needs to save more to provide funds for growth-oriented projects and thus for more output and employment generation. The residual (i.e. the difference between investment and savings) could be available from foreign source. But the Mexican economic crisis that swept the country a few years back warned us against too much dependence on foreign capital. Both the pains and the pleasures of promotion of higher savings — so it is said — should originate from one's own wallet.

It is often alleged that a repressed financial sector of a country might jeopardise any attempt to mop up substantial savings — be it through interest rates or other means.

"Allowing interest rates to be determined by the market (rather than being held artificially low by governments) and removing the allocation of credit from the clutches of bureaucrats certainly results in a more effi-

cient financial system and better investment decisions". A financial sector reform that aims to uproot too much tinkering of the state with the use of funds in the market inevitably allows the market to take care of the interest rate. The liberalisation of the financial market is argued to raise the level of real interest rate. If the price of capital thus rises, the supply of such capital from the public (savings) should also rise *par-passu*. But bear in mind, the rise in the interest rate might make the savers relatively richer and push them to spend more and save less (income effect). A rise in the interest rate thus seems to be a necessary condition, not a sufficient one. Whether the rate of savings moves at a faster rate or not, the undeniable fact is that with the financial sector reform and the attendant rise in interest rates, people tend to place confidence on formal financial institutions and shift away from savings under their pillows (substitution effect).

Does a positive real interest rate always promote savings? In fact, no clear evidence to this effect seems available. Although some researchers have found a significant relationship between higher real interest rates and higher savings in Asian countries, there is no convincing evidence that this

holds across all developing countries. Moreover, in some countries, the freeing of the financial sector has been followed by a sharp decline in private savings. In Mexico, for instance, private savings fell from 19 per cent of GDP in 1988 to 9 per cent in 1994" (*The Economist* 9-15 March 1996).

Why is this negative correlation? Economists tend to argue that the degree and the dimen-

consumption and thus left with more funds to keep in lockers. The interest elasticity should be more for the latter group of countries than for the former. An IMF research finding shows that "...saving does indeed seem to be less sensitive to interest rate changes in poorer countries than the richer ones. In the poorest countries, according to their findings and as reported in the literature, a rise of one

decided to lower interest rate by 1 percentage point (from 8 to 7 per cent). This has, possibly, been thought for on account of the rising cost of capital and the consequent falling demand for loanable funds. Such a decision might not bear fruits primarily due to the following reason: nationalised commercial banks (NCBs) might face problems due to lowering rate of interest on loans. The cost of funds in these banks are already high in the wake of about 40 per cent of their total loans non-performing. On the other hand, they have to pay the same return to the borrowers. It may be mentioned here that the prevailing rate of interest in Bangladesh is relatively higher compared to neighbouring countries. And in the column in the past, we have argued against the disincentives created by such high rate of interest. We therefore urge upon the authorities for realising the gravity of the situation but at the same breath would like to warn them about the limited scope of realising gains.

The linkages between interest rate and responses from economic agents is contingent upon the prevailing health of the financial sector. With about half of the total loans non-performing, it remains a big question — how a lowering of interest rate should ripple through the economy to yield desired result? At the end of the day, financial sector reforms with earnest endeavour is called for. In a regime of a fragile financial sector neither a rise nor a fall in interest rate helps stem the rot.

## Beneath the Surface

by Abdul Bayes

sion of interest rate-saving nexus hinges, *inter alia*, on the level of a country's degree of development. People of the poor countries have to spend 60-70 per cent or more of their household income on "basic consumption". The high spending on consumption goes to delimit their capacities to save more notwithstanding the fact that the interest rate is up by few percentage points. On the other hand, middle income countries are said to spend only one-third of their total income on basic

percentage point in the real rate of interest results, in the long run, in the savings rate of a tenth of a percentage point. As compared to this, the richer countries experience a rise of two-thirds of a percentage point.

It may appear from the premises mentioned above that the villain of peace, as far as high saving is concerned, is the high expense on basic necessities. A rise in interest rate with financial sector reform may also sound ineffective. While

## Referendum in East Timor: Its Impact in the Region

by Harun ur Rashid

*The protection of fundamental human rights including the right of self-determination has become the guiding goals for the international community for the last two decades. It has gained momentum that far exceeds anything previously known. Ethnic nationalism has become one of the elemental forces of modern times*

HERE is no disguising the fact that post-referendum days this week in East Timor descended into anarchy and the Indonesian authorities found it very difficult to control the situation. There seems to be an international cry for international peace-troops to be stationed in East Timor to bring back normalcy. The UN Security Council decided to send a special mission to Jakarta to assess the situation. Meanwhile, Jakarta imposed martial law on 7th September in East Timor to restore order.

East Timor was ruled by Portugal and not by the Dutch which was the colonial power of Indonesia. Indonesia had to annex it formally in 1976 because it led to chaos after Portugal left hurriedly without proper and smooth transition to a national government in East Timor. One of the political parties with communist leanings in East Timor was involved in fighting over the control of the administration of the island which rocked the stability in the region and many of the neighbouring countries saw that the communist take-over of East Timor would make it an outpost of communism in the region, in old days of the cold war. The US and Australia did not appear to object Indonesia's annexation for the sake of stability in the region. After all, West Timor is a part of Indonesia.

Since the UN did not recognise the annexation, it became a headache for Indonesia in foreign relations. The new President of Indonesia thought it fit to allow the East Timorese to vote in a referendum to decide their future — either full autonomy within Indonesia or independence. The bold decision of the President was appreciated by the international community.

The question is: why did the situation develop in such a way? The answer is not simple and easy.

It is argued that when President Habibie declared last January to hold the referendum in East Timor, he did not sufficiently consult either his cabinet or opposition political leaders or armed forces chiefs. He acted in good faith to erase the negative image of Indonesia.

President-hopeful Megawati Sukarnoputri opposed the idea of referendum in East Timor. Some of the generals of armed forces in Indonesia were against the referendum because of its possible destabilising impact on other islands within the country. Therefore, there are allegations that the armed forces are either unwilling or unable to curb the pro-Indonesian militia's current rampage.

The result of the referendum for the independence is over 78 per cent. Some say that the pro-Indonesia groups in East Timor did not expect such a decisive result. They thought that it could be close. This result has upset all calculations and may have led to the violence in East Timor.

Second, there is a view that the Indonesian armed forces have been split into two factions after former President Suharto resigned. One faction supporting the former President who was reportedly opposed to the referendum may not be in tune with the government policy in East Timor and this disagreement in the armed forces might have led to the indecisiveness of action against the pro-Indonesian militia who were responsible for the anarchy in East Timor.

Third, Indonesia is a country of 210 million people and there are serious domestic concerns including the insurgency in Aceh and Irian Jaya and communal tensions in Ambon. East Timor with its less than a million people does not receive the high priority from

the government. It is simply seen from Jakarta as a conflict between the pro and anti-independence supporters in East Timor. Furthermore, the pro-Indonesian groups have alleged irregularities in the voting system. It appears that the overriding concern for Indonesian government is to keep its social order and economic growth in the country rather than issues relating to referendum.

Finally, there is a view that the trouble erupted after the referendum could provide a signal to the people in other islands that their demand of independence from Indonesia would invite similar fate. The rebels in other islands should be aware what awaits them if their demands for referendum are agitated.

Many policy analysts are

accusing the UN of implementing a fundamentally flawed process for East Timor. The agreement brokered by the UN failed to address the reality of what would happen after the declaration of the result of the referendum. Have they considered that the referendum would be held when the government is in transition? Have they considered that the result of the referendum cannot be acted upon unless it is approved by the Assembly in November? What would happen with respect to security during this period of two months?

The UN should have taken into consideration that two groups of people — pro-independence and pro-Indonesian might take the law into their own hands and seek revenge on each other. A few believe that a fundamental omission has

been any basis in the agreement for restoring the rule of law in East Timor after the referendum. There is a view that the referendum should have been held after the new President is elected.

Another separate question is: What message does the referendum give?

Indonesia is an archipelago country with more than 13,000 islands. Its area is almost 15 times the size of

Bangladesh and spreads over from the Malay peninsula in the west to Papua New Guinea in the east. The people speak in 583 languages and dialects in the entire archipelago. There are 15 principal ethnic groups in various parts of the islands. The very fact that all these islands with diverse groups of people constitute one nation-state with Bahasa Indonesia as the common language in the country reflects the maturity and wisdom of the people of Indonesia under its two leaders (Sukarno and Suharto) since its independence in 1949.

Although both the Presidents had kept the country under strict control, there appears to be a simmering of dissatisfaction against the rule of Indonesia in some of its islands. There is a view that the nature of Indonesian nationalism, the absence of common national values, and anti-Javanese sentiments produced a political structure in Indonesia that was far more fragile than it is often understood.

The referendum tends to give a positive signal to the people of Aceh and Irian Jaya for their right to self-determination. However, such right is to challenge the unity and integrity of Indonesian nation and many policy analysts maintain that balkanisation of Indonesia must not happen.

## OPINION

### Self-eroding Governance

Abul M Ahmad

Delusion due to an extra dose of over-confidence (not confidence) has a drugging effect which narrows down the national objectives of a political regime. The glow of light polarises from that of a candle or hurricane lantern to a narrow focused beam of a flashlight. The illumination level is not uniform, as can be imagined from a candle burning at the centre of a hollow sphere. Basic unity has no direction.

A Bangladeshi professor of political science, living abroad, has analyzed the philosophy, policies and activities of the Awami League regime, with a distant perspective not readily possible for those living in the zone of conflict (DS, Sep 7). Being an academic, he was able to jot down the points in a disciplined manner, not swayed by emotion. Since the teaching of politics at the university is his profession, he cannot be dismissed summarily by those under the lens. Similar views have been expressed by local scribes and correspondents who are not politicians and take only a passing interest in the nauseating passing show.

One conclusion is clear enough: our political leadership have dismally failed to have a grip on steering the country out of the vicious cycles of high-profile political vendetta of proprietary names, and patriotic isms of dubious durability. For example, how the later and present generations of the Bangladeshi citizens have responded to the political market trends? A neutral poll would bring stark reality to the debating fora. History cannot be bent, but it can be straightened.

Coming back to the state of politics in Bangladesh, the time has come for deep-rooted political changes for the emancipation of the deprived masses. The approach and style have to be changed (it will be changed by the people if resisted by the vested coteries). The writing is on the wall, waiting to be deciphered. The course of events have gone beyond the point of no-return. We can only plan for rehabilitation.

## To the Editor...

### The zoo story

Sir, Over past few years, on the one hand, we have been hearing reports and complaints of corruption, irregularities and negligence of duties of many officers and employees of our national zoo at Mirpur and on the other hand we have been coming across of tragic news of death of many animals one after another.

The authorities concerned especially the Ministry of Forest and Environment has not been able to take any positive and concrete step to save our national zoo from mismanagement and ruination as yet.

We are now left with three options which are 1) Dismiss all the officers and employees of the zoo and save the animals 2) Close down the zoo and set all the animals free 3) Handover the management of Mirpur Zoo from public sector to private sector.

Which option should we choose?

O. H. Kabir  
6, Haree Street  
Wari, Dhaka-1203

### Diagnosis and treatment of liver diseases

Sir, This has reference to an article published in The Daily Star on July 22 last, written by Dr Mohammad Ali, FCPS FRCS under the title "Liver Disease in the Context of Bangladesh".

First of all, I would like to thank Dr Ali for his very informative article wherein he has clearly laid out the present state of affairs with regard to diagnosis and treatment of liver diseases in Bangladesh. In doing so he has also outlined many of the shortcomings of

the entire healthcare system in Bangladesh.

In a country where nearly 15 per cent of the population have already become chronic carriers of the virus responsible for the disease, it does not take much to realise that the remaining 85 per cent stand a dangerous probability of getting infected especially when one takes into account all the different ways in which infection can take place — more than adequately dealt with by the writer.

It is of vital importance that we address the issue at the earliest opportunity rather than wait for it to take on the form of an epidemic when it will only be possible to carry out "damage control". We must take the necessary steps to ensure that the percentage of the population stated to be chronic carriers does not increase from its present position.

The only way that it will be possible to limit the spread of this disease is to conduct this effort simultaneously on two fronts. Firstly, the question of "diagnosis and treatment" of the disease must be tackled in a comprehensive and coordinated manner at a national level (not necessarily confined to the Government sector alone). Here, the suggestions laid down by Dr Ali may be adopted and adhered to along with any additions that may be felt necessary. Secondly, the question of "prevention" should be addressed (again at a national level and — again — not necessarily confined to government intervention). This is where the question of mass awareness comes in. All the various media of information must be utilised to the fullest possible extent to achieve the maximum coverage in order to educate our people about this disease. A lot of extremely good work has been carried out in the field of HIV/AIDS in Bangladesh by organisations and individuals not connected with the govern-

ment. My sincere thanks and appreciations to the minister for her honest appraisal of the present situation. But the question

Oli Ahmed Chowdhury  
548, Shaorapara, Mirpur  
Dhaka-1216