

Cooperation with India

INDIAN State Minister for External Affairs Ajit Kumar Panja's three-day visit to Bangladesh occasioned more than a mere routine exchange of views with Dhaka's leaders and foreign affairs functionaries. There are some obvious reasons why an extra degree of importance was attached to Ajit Panja's trip to Dhaka: being himself a Bengali, he could be credited with a better understanding of our sensibilities and reflexes; secondly, he came here as a representative of an infinitely more stable governing coalition in India than the previous one; thirdly, he being a leader of the Trinamul Congress which is an important coalition partner of the BJP-led central government, his clout as a government leader has been considerable; and finally, there was the need for clearing the deck of concerns, both bilateral and regional, that had piled up since after the re-incarnation of the Vajpayee government.

The high level contact between the two governments has proved useful in yielding a better appreciation of each other's positions on issues such as: regional environment for security, utilisation of the full potential for bilateral cooperation and inclusion of other countries in the neighbourhood within an expanded network of cooperation. While the issues centring on transshipment, transit and multi-modal transportation have to be left to a thorough-bred study by experts, Dhaka's demands for a stepped up reduction of the trade deficits and sharing of the waters of common rivers other than those of the Ganges merited urgent attention.

It is our considered view that economic development of Bangladesh is not merely in Bangladesh's interest it should be of paramount interest to India as well. Not only do most of the anxieties in Indo-Bangla relations emanate from Bangladesh's poor economic conditions but also does India stand to benefit from a stronger, developed and thriving market in Bangladesh. The volumes of her trade with Bangladesh, both export and import, can increase if Bangladesh's economy expands and gets stronger. So India should consider it to be in her self-interest to help accelerate the pace of economic growth in Bangladesh. To enhance effective demand in Bangladesh, India needs to offer the much-awaited zero tariff access to Bangladeshi products. This will boost investment in Bangladesh, including that from India, the latter under buy-back arrangement which is regarded as central to bridging the trade gap with her. Given the size of the Indian market, an increased entry of Bangladeshi products into the same cannot pose any challenge whatsoever to India's business interest.

Economic cooperation between India and Bangladesh must be visualised farsightedly, well beyond the confines of mere rent-seeking as perceived in the case of transshipment.

Kohl's Fall from Grace: A Lesson

THAT the Christian Democratic Union (CDU) is considering a civil suit against its veteran leader and former German Chancellor Helmut Kohl to make him reveal "the source of secret slush funds" ought to make us sit up and take note. It is not only about the fall from grace of one of Europe's revered statesmen and an architect of German unification; essentially, the disquieting episode in the country's political history has served to light a system of governance where accountability is above any partisan interest or individual allegiance. The German leader, forced down from his honorary party chairmanship with the outbreak of the scandal, now faces the ignominy of being prosecuted and eventually, if found guilty of breach of trust, a sentence for five years in prison stares him in the face as well. Notably, it is some of Kohl's own protégés who have considered legal action against their mentor in the greater interest of the party. When it came to upholding the law of the land, little did they hesitate to go against the man who had led them for so many years. While we take our hats off to them, we cannot help regret the pronounced absence of such virtues in our own political parties and politicians.

Have we ever heard of any audit done on, let alone an inquiry into, electoral expenditure from within the party? Has anyone 'dared' stand against party leadership to question the origin and use of party funds? These questions invite only answers in the negative, thereby highlighting the pervasive absence of respect for law of the land. We have all known how generous our political leaders are when it comes to electoral expenditure, often overshooting the Election Commission ceiling by umpteen times. Still, there has not been any conclusive inquiry into it neither from the commission nor the parties concerned. The electoral laws are inadequate and indeed need to be effective and efficient in this respect. But what is even more painful is the express reluctance in our politicians to go by the spirit of the law.

We could only expect them to learn from the Kohl episode and hope that someday our politicians would also earn acclaim for similar moral uprightness, if not greater, as displayed by the CDU politicians.

Why This Digital Denial?

WE are constrained to write on this act of deliberate discrimination by Bangladesh Telephone & Telegraph Board yet again hoping that this will be the last one from them. Analogue telephone exchanges have been transformed into digital with their numbers converted accordingly in most of the city areas under different exchanges. Even new digital exchanges are being installed at district and thana levels. All of this is being done because the analogue system has become obsolete with the introduction of digital technology which is reliable and less bothersome. In the capital city cables were laid as far back as in 1994-95 for the conversion into digital system. The BTB had promised to complete the job of converting around 2 lakh 34 thousand analogue telephones in the metropolis into digital ones by December, 1999. Accordingly, though not on schedule, bulk of the phones were converted leaving only about 56,000 subscribers to suffer the ghost billing in some cases and despicable service in many. According to a report carried by The Daily Star on Saturday, BTB is in no position to turn the 56,000 analogue numbers into digital even at the end of this year. In some areas like Nilkhet, Gulshan, Sher-e-Bangla Nagar and Maghbaraz partial conversion has taken place free of charge but it is not understandable why a portion of the subscribers will be made to suffer. We demand of the BTB to quickly extend the digital facility to those subscribers who are suffering badly without it.

Internet Economy Will Surpass Industrial Revolution

The government will have to step in with considerable amount of investment in terms of setting up training facilities, helping start-up dotcom companies, and providing the necessary logistic support so that Bangladeshi companies and work force can take advantage of the world-wide demand for services relating to e-commerce.

TRANSFORMATIONAL technology don't come along very often; if they did, they might well overwhelm our capacity to comprehend their importance, harness their power and integrate their uses into our daily lives.

These tend to be really big deals: Gutenberg's printing press of the 15th century, for example, has done nothing less than change human communication — and thus human society — forever. The automobile, invented at the turn of the last century, has fueled dozens of new industries, led to new patterns of settlement and stimulated remarkable changes in social and cultural behavior.

Now, the internet promises to dwarf everything that preceded it. The term "internet economy" was coined a few years ago to represent an explosion of activity surrounding the growth of the internet and electronic business. A recent study by International Data Corporation suggest that the worldwide internet economy will pass one trillion dollar in 2001, approaching two trillion dollars by 2003. Studies for the US economy show that activities in the internet economy in 1998 pumped an estimated 500 billion dollars into the US economy and employed 2.3 million workers. The fastest growth is coming in electronic commerce, or e-commerce as is known in the online lexicon.

In the early internet economy years, investment focused around technology products and services to strengthen the infrastructure and introduce online users to e-commerce. Now, however, non-technology spending is gradually catching on. The marketing and sales functions is slowly taking a lead role in enhancing the internet experience and stimulating

internet commerce.

Only last week, American Online (AOL), the internet service provider, unveiled a 160 billion dollar all-stock takeover of Time Warner, the US media conglomerate, aimed at revolutionising the way in which news, entertainment and the internet are delivered to the home around the world. The agreed merger, the largest ever, is the result of the recent spectacular rise in the valuation of internet companies in the stock markets around the world.

This merger represents not only the triumph of the internet as the irresistible force in global business, but a vision of the internet as a mass-marketed medium for the global economy. The deal marks a watershed because it shows that internet companies, with their sky-high market valuations, can make the rules in the mergers and acquisition game. There will definitely be a far-reaching realignment in the global media and communications industry as other internet and media companies around the world pursue the same convergence strategy in order to get a share of the ever-increasing online business.

A recently published study by researchers at the University of Texas Graduate School of Business suggests that the internet economy is growing at a rate perhaps 20 times faster than the physical economy — and that the value of these "virtual" transactions, an estimated 500 billion dollars only in the US, could quadruple in three years. E-commerce, in

particular, is expanding at a rate nearly twice as fast as the overall internet economy, and it is driving a massive expansion of internet-related jobs.

In the context of the global economy, the internet is still too small to apprehend. And it is difficult to measure with any precision the "substitution effect" — economic activity that takes place on the internet instead of, rather than in addition to, the physical world. But the University of Texas researchers are not shy in their descriptions of what is coming. They insist that the emerging

shaping these industries and scores of others. What is clear, however, is that the internet economy is an economic phenomenon never seen before.

Microsoft may ask in its advertising "Where do you want to go?" Predicting how and where the internet will take us has become a source of amateur sport and professional profit, but anyone who forecasts with confidence in these zones can be fairly accused of being irresponsible.

Still, there are some things we know and others we can reasonably expect. We know that

physical goods still need to be delivered, e-commerce renders distance obsolete. The internet economy also has sparked massive competition, empowering buyers at the expense of sellers and narrowing profit margins as new entrants in the marketplace battle other newcomers, as well as established players.

What's next? Take the case of the automobile industry as an example. In the early part of the last century, there were dozens of automobile companies in the US; a half century later, after General Motors, Ford and Chrysler had merged and acquired their way to dominance, there were a half-dozen. It is my belief that consolidation in the internet economy is inevitable — in part because of economies of scale, in part because proliferating choices eventually produces bewilderment instead of enlightenment.

But the anti-inflationary tendencies of the internet economy are likely to prevail because its essence is competition, built on technology available to one and all.

There is growing evidence that many business leaders in Bangladesh now understand the opportunities posed by the internet economy in general, and e-commerce in particular. Given the present trend in globalisation, it is becoming absolutely clear that within the next decade, all companies that plan to operate in the international arena, either as an exporter or importer, will use the

internet in their business operations, or they will be marginalised out of operations. India has already entered the global internet economy. Given the availability of an educated work force with skills in information technology, India has successfully cornered a large portion of the industry servicing the internet economy. Bangalore are a striking reminder of how successfully the opportunities available in the internet economy can be exploited.

Bangladesh has the work force skilled in information technology, the capacity in the initial stages to take advantage of the opportunities. However, the infrastructure necessary to employ this work force and utilise their potential is still missing. What is needed is some bold steps on the part of the government.

The government will have to step in with considerable amount of investment in terms of setting up training facilities, helping start-up dotcom companies, and providing the necessary logistic support so that Bangladeshi companies and work force can take advantage of the world-wide demand for services relating to e-commerce.

Employers worldwide are increasingly desperate to fit themselves for the age of internet commerce, conscious that all aspects of their operations need to be linked electronically if they are not to miss new digital business opportunities and be trampled by rivals.

Companies in other developing countries, both in Asia and other regions, are eyeing this lucrative market for internet-related services in order to earn valuable foreign exchange. Bangladesh cannot afford to miss the boat.



Connecting the Dots. Dr. A. R. Choudhury

internet economy is similar to the Industrial Revolution in the western world that began in the 18th century in potential scope, size and overall economic impact.

By way of comparison they point out that within the last year, the internet economy in the US has overtaken traditional industries such as telecommunications and airlines in size and is now approaching the publishing and the health care industries.

the way business is conducted worldwide is being redefined. We know that consumers worldwide are increasingly comfortable shopping for goods and services online.

And we know that the e-commerce is driving down "transaction costs" — that is, the costs of administrative overhead. How? By eliminating bureaucratic layers between buyers and sellers both in business-to-consumer transactions and, critically, in business-to-business transactions.

One consequence of this is a general downward pressure on prices worldwide. It's easy to see why. Except for the fact that

Beijing's Ties with Islamabad and New Delhi

Beijing's ties with Islamabad in one hand, and with New Delhi, on the other, represent crucial elements in the climate of the region. China, while maintaining friendly relations with other smaller nations in South Asia, certainly attached significance to relations with two important neighbours — India and Pakistan.

PAKISTAN'S Chief Executive General Pervez Musharraf has just returned from a visit to China. This has been his first visit to a non-Islamic nation since taking over power in a coup on October 12, last year.

Immediately after staging the coup, he visited additional Islamic friends in Pakistan like Saudi Arabia and the UAE. Later, he also visited other friendly countries like Iran and Turkey with whom Islamabad has long history of co-operation, dating back to the days of the RCD covering three countries. Gen. Musharraf chose China as the first country to pay an official visit, outside the Muslim world, for justifiable reasons. Beijing is a close friend of Islamabad and the two are forged in manifold co-operation.

Pakistan never lags behind in consulting China whenever it faces any crisis in matters of foreign affairs, in addition to frequent exchange of delegations at various levels. Military and civilian leaders in Pakistan have all attached great importance to country's relationship with this communist nation, despite Pakistan being an Islamic state with not so many of close ties with other communist countries, like the former Soviet Union. As such these bilateral ties are based on certain strategic purposes while two countries have also found common grounds for developing co-operative relations.

Gen. Musharraf was given warm welcome by the Chinese leaders including President Jiang Zemin and this was

somewhat different from the last visit of dismissed prime minister Nawaz Sharif to China at the height of the Kargil crisis. Islamabad was definitely received well but the objective of his visit was not fulfilled, as Beijing was not enthusiastic in supporting the position of Islamabad in the Kargil crisis. Sharif's foreign minister Sartaj Aziz also paid a visit to China during that time before travelling to New Delhi for talks with his Indian counterpart Jaswant Singh on the Kargil issue, which was snowballing into a major crisis. Aziz could not secure the kind of assurance and support from China he was looking for on disputes with India although there was lack of warmth for the Pakistani foreign minister. It was because Beijing realised that international opinion on the crisis was largely against Pakistan since it was viewed that the "Kashmiri freedom fighters", whom India calls "terrorists", were backed by Pakistan for seizing several peaks in the Indian side of the line of control. And New Delhi also alleged that Islamabad also sent its regular troops for the purpose. Pakistan eventually succumbed to the pressure of the western powers, particularly the United States, and this was seen as a capitulation by Pakistan that was mainly responsible for the ouster of Nawaz Sharif government.

The dismissal of the elected government by the army was criticised and condemned in the democratic world in varying degrees. But in Pakistan itself, the development had evoked mixed reactions as many quarters welcomed it because of Kargil fiasco and corruption and political repression charges against Sharif government by the opposition which most people believed although they had little love lost for the opposition.

logue with the new regime while discussions at different levels continued with Sharif's government, although little progress could be made on the main bone of contention.

Pakistan is keen for multi-party involvement in efforts for a settlement of the Kashmir problem. However China, like several other countries, also favours that the dispute to be resolved bilaterally. Foreign Minister Abdul Sattar explained that this approach of

solved, two sides are seeking to normalise the ties keeping the main issue on the backburner. The present Prime Minister A. B. Vajpayee paid an ice-breaking visit to China as foreign minister in 1978 and later, Prime Minister Rajiv Gandhi also paid a visit there. These helped set the pace in normalising the bitter ties. Beijing-New Delhi ties witnessed some ripples once again due to certain utterances by Indian Defence Minister George Fernandes early last year when he termed China as "Number One enemy of India" and accused Beijing of causing insecurity for India by military build-up around the region, including naval strengths.

However, Prime Minister Vajpayee arrested this trend of downswing in the bilateral ties by allaying fears that New Delhi would continue to seek improvement in the relationship. The recent crossing of a young religious leader, to India from Tibet, caused some signs of irritation in the relationship. However, India said it can give shelter to such a person going by its tradition but it should not result in setback of the bilateral ties. China has not taken this happily. It possibly sought to draw a parallel of the case with that of the exiled Tibetan leader Dalai Lama in India.

China appears to strike a balance in its ties with India



MATTERS AROUND US Zaglul Ahmed Chowdhury

China did not comment on the army takeover in Pakistan and said during the visit of Gen. Musharraf that two countries remained close regardless of the International and domestic changes. Obviously, Pakistan's new military ruler during his talks with Chinese leaders stressed the need for resolution of the Kashmir dispute which Islamabad says is the crux of bad and worsening ties with its traditional foe — and neighbour — India. Gen. Musharraf is seen, in India, as the mastermind of the Kargil intrusion. New Delhi is also refusing to sit for a dia-

Beijing is based on UN Security Council resolution No. 1127, which inter alia asked the two countries to find an acceptable solution. Both sides said that Gen. Musharraf's visit once again underlined the "close" ties that exist between them.

India's ties with China soured from 1962 border clash but they were friendly before Hindi-Chini Bhai Bhai era. The border clash brought Beijing and Islamabad closer. China broadly came out in support of Pakistan in 1965 war with India. While the Sino-Indian border dispute remains to be re-

and Pakistan but maintaining close relations with Islamabad lest Pakistan feels that the improvement of relations with India is being done at its cost. This is why it demonstrates no lacking of the closeness with Pakistan. But at the same time it does not want to be projected as being "irrational" in its policy and as such did not come out with other swears of Islamabad in the Kargil crisis. But at the same time it received Gen. Musharraf with all warmth even though he is seen by India as the main person who designed the conflict. It was probably for the reason that China wants to send the signal that it steadfastly remains a true friend of Pakistan but does distinguish between issues, which Pakistan may consider "rational". For instance, the Kargil intrusion. But this position notwithstanding, China is keen to show closeness with Pakistan and hence was the goodwill shown to Gen. Musharraf despite Indian disliking for him.

Beijing's ties with Islamabad in one hand, and with New Delhi on the other represent a crucial elements in the climate of the region. China, while maintaining friendly relations with other smaller nations in South Asia, certainly attached significance to relations with two main neighbours — India and Pakistan. It seems China is not in a mood to change its policy towards these two countries — a position, which looks plausible for the reason a broad status quo ante is only expected, given the complexity of the political environment in the area.

Economy and Accountability: The Inseparable Twins

The public perception is that a different law is on the statute books for the poor, in practice this does not apply for the rich and influential. This symbolizes our dilemma, the differing standards we have for the majority as opposed to that of a very miniscule minority.

ON Tuesday Jan 25, the military regime will have been in power, give or take a few hours, for a full 100 days. With the masses waiting with increasing impatience and cynicism for their "great expectations" to be fulfilled, some forward movement is discernible both in effecting accountability and in repairing the economy, enough not to write the khakis off just yet. The rumour machine, fed by motivated interests, has been working overtime. Gearing up for accountability has taken some time, not helped by the badly drafted Ordinance creating the National Accountability Bureau (NAB), a dozen or so holes appearing in it the moment it was unfolded for public view. As for economic revival, the measures enacted are in the right direction but the tap-dancing with respect to tough decision-making about GST, etc. must come to an end. Cheap popularity comes with populist initiatives but that will hardly be the salvation of Pakistan economically. Sustainable long-term measures may be temporarily unpopular, that is the only way out of the black hole we are presently mired in.

Finance Minister and NBR

Sir, The Finance Minister, in his budget-speech for the year 1999-2000 (part-2, para 16 (TA)) that "The Taxes Department is unnecessarily carrying out the burden of irrecoverable bad demand of arrears taxes created before the year 1988, which wastes lot of time and energy of the Taxes Department"; and he announced for wrapping of the above irrecoverable bad tax demands relating to the period prior to 1988.

But it is most shocking and surprising that in spite of the minister's announcement, some Deputy Commissioner of Taxes Department in Dhaka

One cannot forsake public perception, for the sake of our present rulers. NAB has to come good quickly. Given that investigation and prosecution of white-collar crime is not a piece of cake, NAB should have first gone for those easily nabbed. All politicians, who took part in the 1990, 1993 and 1997 elections, have had to declare their assets. The discrepancies/deficiencies between their declarations and income/wealth tax returns would be guilt enough to convict them for a period extending from 1-3 years, the conviction automatically disqualifying them for a period of not less than 10 years. Since the evidence is a matter of record, the process would hardly take more than 2-3 weeks. A more detailed scrutiny could then be done in a more elaborate fashion and acquisition of wealth beyond known means would then become a reason for further conviction, confiscation of illegally acquired property (with penalty

have been issuing reminders threatening serious penal action for non-payment of arrears, bad tax demand created before 1988.

This action appears to be a clear disrespect to the Minister's announcement.

The above matter is causing confusion, in the minds of taxpayers, about the commitment of the Finance Minister. We therefore, request the Chairman of the National Board of Revenue to clarify the implementation of the announcement of the Finance Minister in this respect.

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AS I SEE IT Ikram Sehgal writes from Karachi

the period of disqualification. This exercise would eliminate almost 60 per cent of all politicians who took part in any of the last three elections, the first phase taking care of the impatient public desire for punitive action against those who they trusted in vain with their valuable votes to give them good governance.

The second object of collective public anger are those members of the bureaucracy who have not only enriched themselves at public expense but flout in with impunity. Again this exercise should be done in two phases; the first phase should reconcile their income/wealth tax returns with a declaration of assets presently held by them. A law enacted by the Quaid as far back as 1947 makes any bureaucrats found living beyond their means guilty of misconduct; they should be asked to prove the difference between their known income/wealth as declared and expenditures. Failure to give convincing proof should be enough to incarcerate the person for a period of 1-3 years. Detailed scrutiny thereafter could ascertain as to how the person had acquired wealth beyond his known income. Necessarily this exercise must begin from the top, a gradual process of elimination filtering down to the lowest rung in the ladder of public employment.

As a first order of business the government went after loan defaulters. In the enthusiasm to show some results, a part of the exercise has become counter-productive. In the first instance draconian measures should

only have been propagated for clear cases of "willful default" of which there happen to be a fair number, and as well as those cases where the assets pledged are neither upto the required quantum or are clearly fraudulent in nature. This exercise gave an excuse for vested interest among defaulters (and those bankers who willfully engineered that default) to start a vicious adverse propaganda for those who make false accusations and/or falsify their statements. Obviously such deliberate misleading is for personal gain or personal vendetta. White-collar crime by itself is not easy to pursue, with public servants and private citizens both confident that even if they perjure themselves no one is going to take action against them. Investigations are unlikely to succeed. NAB should give the highest priority to perjury cases, making it impossible to tell lies, whether un-

total collapse. Such people want to reverse history so that they can get their grubby hands back on the banks' tills. Again NAB has to take a move on, they must prosecute those who bring false accusations to bear on the honest and efficient.

With the rains coming in time and in just enough volume to give us hope of a bumper wheat crop, with the share index reacting in like manner, there seems to be enough fuel in the economy to give us hope. Which brings us to the need for adequate storage for our agricultural products. It is no secret that because cotton has not been lifted sufficiently, there is risk of cotton bales being damaged, rice stocks are under similar pressure. Storage godowns do exist but logistics planning has been inadequate. As a country heavily reliant on agriculture, we must ensure that the magnificent efforts of our farmers in the fields do not go to waste.

For a nation beset with horrendous political, social and economic problems, 100 days do not constitute enough period to pass judgements on the rulers, there has not been sufficient time to effect real change. The problem is that while the rule of law exists, the differing application of the law has been uneven. Like Junejo's Suzukiisation of the bureaucracy, the ban on marriage feasts was welcomed by the general public and recently re-enforced by Presidential decree. That is not the case in real life, this ban is being violated at will, in 5-star hotels in utter disregard and with barely camouflaged measures. Since many of those whose job it is to enforce the law attend these functions, the public perception is that a different law is on the statute books for the poor, in practice this does not apply for the rich and influential. This symbolizes our dilemma, the differing standards we have for the majority as opposed to that of a very miniscule minority. When rulers in power ensure that everyone is equal before the law, accountability will begin to positively affect the economy.

The economy will remain under pressure of extraneous influences committed to lining their own pockets at the expense of the nation unless the bite of accountability is felt. Three of the national commercialised banks (NCBs) have been turned around and the credit goes to those expatriate bankers who returned from abroad to serve their country at personal financial cost to themselves, what a great irony that those same bankers who had brought these commercial institutions to ruin are now conspiring and propagating against those who have rescued these entities from