

Investment Climate

HOWEVER shocking it may sound we have to accept the fact that investment climate in Bangladesh is not quite the enticing type that we ourselves strain all the time to prove to the outsiders. We have been consistently saying this but to no avail so far.

This time a critique on how good are we in attracting foreign investment has come from an investment conference held in Tokyo. This important event saw some 200 Southeast Asian entrepreneurs, with a large presence of Japanese and Thai investors taking a close look at investment magnetism or otherwise obtaining in countries of South or Southeast Asia. The bottomline, as far as we are concerned, is that our investment weather is 'inclement', our policymakers, upbeat pronouncements notwithstanding. The incentives package sounds attractive at the time of announcement but when it comes to delivering on it afield nothing seems to go well and a negative impression is created about our sincerity and commitment.

The thing is, it is not enough to have abundant labour at a cheaper rate with a few advantages thrown in to claim any decisive edge over others. What is important is the sustainability of enterprise based on long term dividends accruable from investment. This means assured protection of capital and its incremental accruals under conditions of stable political and economic order. It must be edifying to note that while the Japanese are investing in Thailand, Vietnam, Myanmar, India, and even Sri Lanka, what with the ethnic war there, it is a cautious 'go-slow' tale with Bangladesh.

The foreign investors assembled in Tokyo touched on several factors that they thought held them back from taking a plunge in Bangladesh. Administrative bottlenecks, chronic mismanagement and corruption were cited as the chief reasons for their lacklustre response. Speed is of the essence in trade, business and investment-related decisions and that is what we lack in Bangladesh. Time lost means cost increased. Even political unrest would have been much less off-putting were we able to speed up things at the administrative level. When we set our sight on relocation of Japanese 'sun-set industries' in our country what we are asking for is transfer of their capital assets to Bangladesh. You think a hundred times before you relocate something, the seasoned Japanese are likely to do a more intense rethinking on the issue than others. In simple terms, we have to deserve the relocation and not expect it as a charity.

The inadequacy of our basic infrastructure is epitomised by erratic power supply and the time we are taking to set it right makes us a laughing stock before the world.

Domestic investment rate is poor. Potential foreign investors are apt to say that in a country where local people do not feel enthused to invest they can only feel chary about doing it themselves.

Let's stop deluding ourselves into believing that announcement of measures is all that matters in the domain of FDIs. We cannot smoothen the brittle surface of our shortcomings by rhetorics. We have to improve the situation on the ground tangibly before we can complete with others in terms of drawing foreign investment in our direction at the desired level. We should set up a task force to turn the situation around on a double-quick basis.

Historic Rapprochement

THE summit between South Korean President Kim Dae-jung and his North Korean counterpart Kim Jong-il in Pyongyang indeed heralds a new era of bilateral relations between hitherto hostile neighbours speaking the same language and sharing the same ethnic roots. Peace on the divided Korean peninsula, a vestigial remnant of the second world war, now appears a realistic proposition, something which, even a few months back, was no less than a fairytale. The credit certainly goes to the two leaders who have responded to the fast-changing global reality, read the pulse of the millions who have suffered for more than 50 years of forced alienation and intense enmity, and shown the prudence to initiate effort towards establishing some degree of positive interaction. More so, when one takes into account frequent muscle flexing on any and every pretext the two states have had all these years. However, as the South Korean leader has so prudently put it, reconciliation between the states founded in the infancy of cold war will definitely be a lengthy process. It would be naive to expect that the mistrust and hatred would simply disappear overnight. Nevertheless, the inter-Korean summit marks a significant attitudinal change in the leadership of both countries, a change that, as *The Korea Times* has put, could well be "one small step for reconciliation, one giant leap for reunification".

North Korea, one could say, had to open up given the ramshackle state of its economy, a legacy indeed of 50 years of isolationism. The rude awakening, if one may call it, came in the late-1990s when feeding the people proved beyond the totalitarian regime's means. It had two choices: watch thousands die from famine or allow its traditional enemies to help. As for South Korea, tension in the peninsula certainly has economic significance. Also, inroads into the North Korean market could well be a major stimulant. However, the bottomline is that both sides have shown the flexibility required for a first step towards reconciliation.

The two Korean leaders have certainly proved that attitudinal change can bring about a metamorphosis to the bleakest of situations. It was Mikhail Gorbachev's relentless pursuit of *perestroika* and *glasnost* that eventually brought down the iron curtain on Soviet Union as we knew it. It took East and West Germany to reunite 20 years after the first summit between their leaders took place in 1970. Hopefully, reunification of Korea would come about a lot sooner than that.

The recent development in the Korean peninsula bears a message for South Asia, especially India and Pakistan, whose mindless indulgence in nuclear proliferation has put regional peace and harmony at stake. Peace certainly has a greater dividend to pay than sustained hostility. One can only hope that such a realisation will dawn on leaders on a warpath anywhere in the world. And why not on our politicians?

Will the New Syrian Leadership Follow the Trodden Path?

This was a moment of national grief that is, obviously loaded with high sentiment, and a word of sympathy direct from the President of the US though his personal presence would have made immense differences. His attendance in the funeral could have advanced the peace process by miles and indeed brought alleged terrorism to a virtual close.

as he has to set things at home first. King Abdullah was also upbeat about the young leadership in the region.

The Syrian parliament has probably similar views about Bashar apart from the respect for the 'wish' of the departed soul who had 'transformed Syria from a backwater nation to a semi-developed one' and went to the extent of amending the constitution to accommodate the 'wishes' of the late President. In any case, Bashar would have been declared so to say the 'heir to the Syrian throne' at a special convention of the Baath Party that was scheduled to take place just next week. The only difference was that it actually happened one week earlier due to the sudden demise of President Assad. In terms of western democracy it looked something unusual but Syria is a country in the Middle-East where western democracy is hardly practised and one is not sure whether such democracy would suit the region in terms of security and political stability in the present political environment.

In any case, there was no suggestion or indication from any source that Syrian parliament acted under pressure from any quarter let alone from young Bashar who held the rank of a Colonel in the army. Indeed, with the support of the 'mainstays of his father's regime' the inner group of the ruling Baath Party cleared Bashar's position for the post of president of Syria. For ensuring his command in Syrian Armed Forces, he has now been awarded the rank of Lieutenant General and made the Commander-in-Chief of the Armed forces as his father was. As reports indicate Bashar is popular among his people and 'there is no sign of any public dissent'. The people see him as someone 'clean' as he has been leading the anti-corruption drive against Syrian administration.

He may have problems from some who had enmity with his

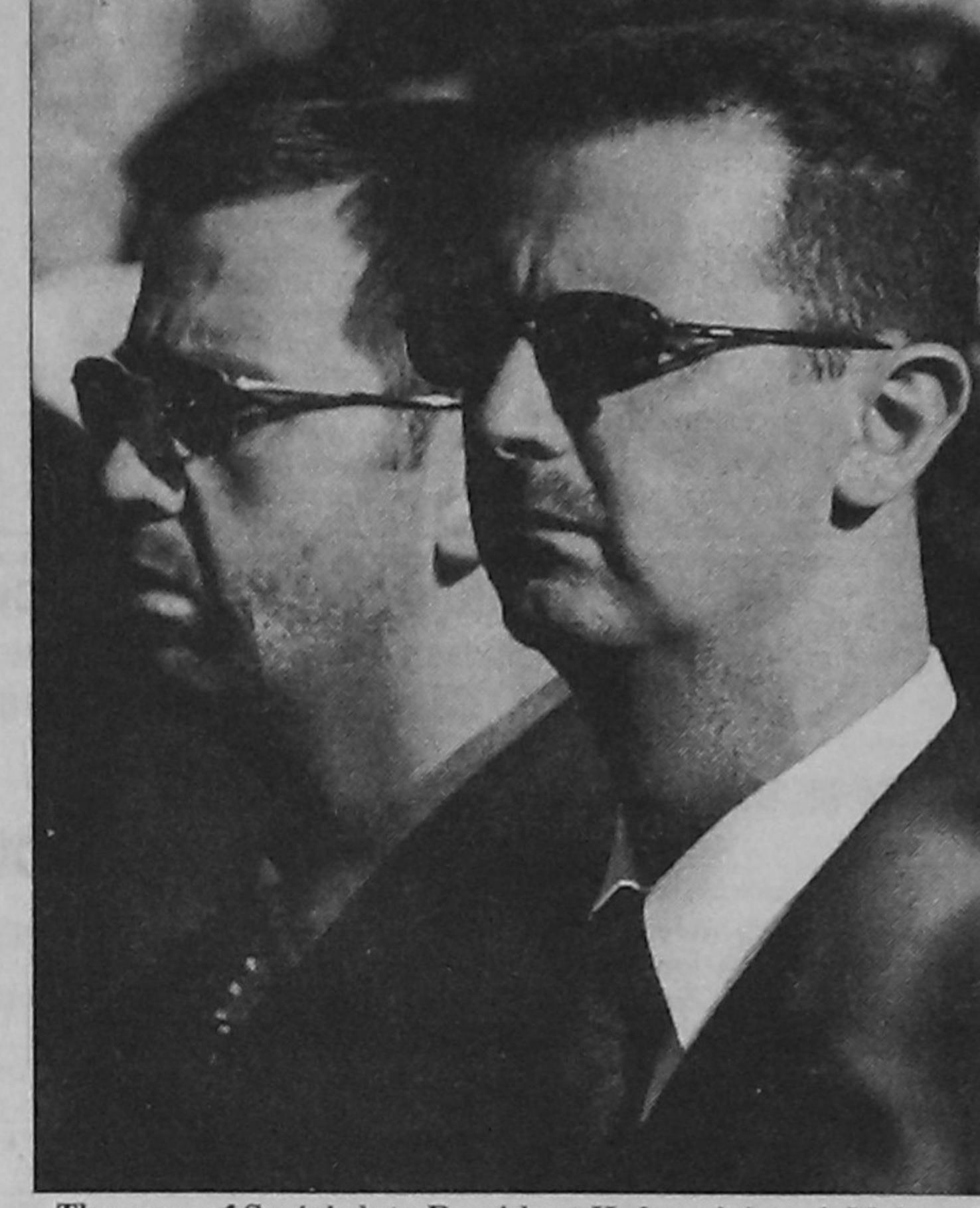


Spotlight on Middle East

Muslehuddin Ahmad

father and one potential enemy is his uncle Riffat Assad who is now in exile in France as he allegedly led a coup against President Assad some years ago. But it is also a fact that he has been away for long and he probably does not have many followers in the present army. But follow-

ers are easy to find depending on the type of interests offered. In any case, Riffat Assad has made his position known by openly making a statement through London based satellite Arab News Network run by his son Sawmar. He said, "There will be a new and corrective



The sons of Syria's late President Hafez al-Assad, Maher (L) and heir apparent, Bashar (R), march behind their father's coffin during his funeral in Damascus 13 June. — AFP photo

movement for a new course covering all political, social and economic levels... Freedom and democracy will be established in Syria. The citizen will play his role in building the nation and choosing his representatives in Syria." These words may undoubtedly sound soothing to the ears of many Syrians but could these be of any effect in real terms in a country like Syria which was ruled with iron hands for over three decades by Hafez Al Assad? However, everything will depend on young Bashar who had western education and reasonable international exposure. The general impression is that he would generally follow his father's path for consolidating position but may follow less repressive tactics.

Despite all these utterances of Riffat Assad it seems that the transition of power in Syria would be smooth. But any way, two weeks are still to go. It has, however, been reported that in case Riffat Assad makes a move to reach Syria, he would be arrested. Both Bashar and Riffat belong to Alwite sect of Syria, which forms only 10 per cent of the total population of 17million. Syria is a Sunni majority country.

Syrian parliament's action has virtually made Bashar Assad the President of Syria and he already had telephonic congratulations from many leaders around the world. Indeed, President Clinton reportedly had 10 minutes of telephonic conversation with Bashar Assad on last Sunday. The US however decided to send a delegation headed by Secretary Albright to President Assad's funeral. It is undoubtedly a low-key participation and appears to be based on US's assessment that Syria was sponsoring international terrorism. President Clinton, of course, said immediately on receipt of the news of President Assad's death that "We had our differences but I always respected him". He praised President Assad for his "strategic

choice for comprehensive peace" in the Middle East. Under traditional diplomatic conditions one would not have expected the US President's presence in the funeral, but as President Clinton has long been personally engaged in the peace process which he wants to complete before he leaves the White House, it would have been prudent not to continue to lament over the past but go for a new relationship with a country which is so important in terms of comprehensive peace in the M-E. This was a moment of national grief that is, obviously loaded with high sentiment, and a word of sympathy direct from the President of the US though his personal presence would have made immense differences. His attendance in the funeral could have advanced the peace process by miles and indeed brought alleged terrorism to a virtual close.

The death of President Assad, an old foe of Israel, apparently brought some relief in the minds of many Israelis. The general feeling reportedly was that the death has ushered in a new era or at least ushered out an old one in the Middle East. Israeli Television, however, discontinued its normal programme and hooked on to the Syrian television for some hours and transmitted the programme of mourning and the recital of the Holy Quran on the occasion. This seemed to be a part of some form of sympathy to Syrian people. But there was no official mourning. Some radical views appeared in Israeli newspapers saying, "We Israelis have no reason to shed any tears over the death of Hafez Assad. It's a waste of water." Though the transfer of power in Syria, so far, appears smooth, Israeli authority seemed to be somewhat uncertain about the future of Syrian politics and particularly the Syrian track of the peace process.

President Hafez Assad's funeral was attended by several presidents and princes of the Middle East including President Mubarik, President Arafat, President Khatami, but none of the western heads of state except President Chirac. Hafez Assad was buried in his hill top village Gardaha alongside the grave of his son Basil and other family members.

OPINION

Yet Another Stereotyped Budget

by Mansoor Mamoon

THE Finance Minister on June 8 presented the budget for the fiscal year 2000-2001 which is incidentally the last by the present government as its term expires next year. When the budget was being presented opposition benches in the Jatiya Sangsad (National Parliament) remained empty. But, outside the House the opposition parties were found to be demonstrating in the city streets rejecting the new budget terming it anti-people. The criticism that the opposition leaders levelled against it would have sounded better and more reasonable and perhaps welcomed by the people at large, had they been inside Parliament. Hence the new fiscal measures and the financial bill will be vetted ex parte by the ruling party and its minuscule coalition partners without the presence and participation of opposition, thereby depriving the masses of information on the loopholes and lapses in the financial management by the present government, which the opposition could have pointed out.

While in the opposition the present ruling party also did the same and the BNP-led opposition is following its footsteps.

As usual the Finance Minister said that new budget was aimed at reducing poverty by creating enough employment opportunities in the country. All the past twenty-eight budgets after the country's independence had made the same commitments. But the rate of poverty is still staggering. According to the figures released

by the State Minister for Planning at the CPD Dialogue held on April 1 last 44.68 per cent of the population were living below the poverty line. (This is a government figure and in Bangladesh there always remains a gap between what the government says and the real situation obtaining in the country). According to independent experts and analysts, poverty has reduced only marginally and that the government does not have any definite strategy for the alleviation of poverty. The Fifth Five-year Plan (1997-2002) stipulates that poverty will be brought down to 32 per cent at the end of the Plan period. But at the rate it is being reduced the target will remain distant and difficult to achieve. Whatever is being done in this sector is at the behest of the donor countries and agencies.

In his budget speech the Finance Minister resorted to the same old tactics of hyperboles and rhetorics. He has confused expansion of social safety net with poverty alleviation. Social Safety-nets like Vulnerable Group Feeding, Vulnerable Group Development, Food for Work Programme etc can only create seasonal employment to some extent, but cannot by themselves reduce poverty. The 38,225 crore taka budget for the next fiscal, the biggest ever in Bangladesh as claimed by the Finance Minister, is a testimony of lack of discipline and control as well as is incongruous with the framework of financial co-ordination between revenue earning and expendi-

ture. In 1999-2000 there had been a huge deficit in revenue earning, which compelled the government to borrow from public accounts (financial institutions) at the rate of over three per cent, which is not pragmatic in view of the fragile state of the country's economy. Investors complained that due to huge government borrowing there had been severe crunch of resources for the banks to sanction them loans.

In the new budget the Finance Minister while announcing 17,500 crore Annual Development Plan (ADP) said that there might be recurring shortfall and deficit in revenue earning and the government would be required to procure financing through internal mobilisation of resources and foreign loans. According to estimate, an amount of 3,500 crore taka will be required to be loaned to the government by the banks for meeting ADP expenditure. This indicates that once again investors will have to face the same problem, while seeking bank loans. If there is no domestic investment, foreign investors will not feel encouraged and without investment, the government cannot hope to expand the job market.

The Finance Minister claimed that in the new budget (revenue and development combined) the highest allocation has been made to the education sector followed by the transport sector (in the development budget). This claim is nothing new. All the previous governments made the same claim. But the net result of all these allocations is that the country's education is in a mess and sorry state. Though some progress has been made at the primary level in respect of enrollment of students, the quality has, however, fallen abysmally low. Human Resources Development (HRD) in Bangladesh has perpetually remained neglected with the result that Bangladesh has entered the new millennium with unskilled and half skilled workers.

Defence expenditure in the new budget has been raised to the tune of 7.5 per cent. Those who argue that defence expenditure needs no increase are perhaps not fully aware of the realities obtaining in our immediate neighbourhood. Both India and Myanmar, the two bordering countries have increased their defence budget to a large extent to beef up their defence potential. Moreover erecting barbed wire fencing alongside the common border, frequent border incursions and attack on the people of enclaves are no friendly work.

The need for strong armed forces and combat troops in Bangladesh is being increasingly felt as development and defence are now almost synonymous and friendship with neighbours is not perpetually guaranteed. Bangladesh cannot remain vulnerable in the face of any possible outside attack. The ASEAN countries are continually strengthening their defence capability. In the immediate future the Indian Ocean is going to be a hot bed of rivalry of superpowers and the regional powers. In view of this Bangladesh can-

not afford to neglect its defence. Apart from all these, our armed forces are also earning substantial amount of forex and contributing to world peace by participating in UN Peace-keeping forces in different parts of the world. There is, however, the need for a defence policy for Bangladesh. To quote late Chairman Mao Zedong guns must not control the party (political leadership), the party (political leadership) must control guns. There should also be transparency in defence spending.

The expansion of VAT and its imposition on retail prices are going to hit hard the fixed income earners, particularly the poor and the middle classes, who are already pushed to the wall. There is no tangible measure to ensure social justice by reducing income disparities. The number of billionaires has risen to eighteen hundred, while it was only four after independence. The galloping rise in the number of billionaires has not in any way matched the number of people being freed from poverty trap and the rate at which the country is being developed. The proposal for Taka 180 crore bond to facilitate investors to borrow from banks at lower rates is no panacea for realisation of default loans which last year stood at about 23, 500 crore taka having less possibility of their realisations. This default culture is at the root of the country's present predicament and a recent seminar was told that political connections are

to be blamed for this ailment. Proposal for protection of domestic industries through raising tariff wall at the rate of 37.5 per cent is apprehended to be washed away if effective measures are not taken for curbing smuggling. One salutary aspect of the new budget proposal is, however, levy of 15 per cent duties on two-stroke engines. This had been a long-felt demand of the environmentalists.

But budget will continue to be a futile exercise if government's revenue earning and development expenditure could not be effectively synchronised.

Without discipline and framework of coordination and harmony any budget worth its name would fail to achieve the strategies and targets of uplift policies.

Some are apt to term the new budget as an election-oriented one designed to meet the 'election pledges' of the ruling Awami League. But a dispassionate analysis may show that it is yet another stereotyped budget having much ado signifying virtually nothing. The new budget proposals, in fact, lack vision, pragmatism, realism and foresight which are prerequisites for making our presence felt in the brave new world of technology, informatics, genetic engineering etc. While the world has turned jet-set, Bangladesh continues to remain in the age of bullock cart stuck in the quagmire of backwardness.

Will the new budget help change the situation?

To the Editor ...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

Mosques for worship, not for warfare

Sir, It is extremely distressing for me to pen the following lines as to the heinous and barbaric acts perpetrated by some so-called Islamic fanatic groups in Bangladesh who are always fighting one another to go to power in the name of Islam. Recently, they have carried things too far to desecrate a holy place like our Baitul Muqarram National Mosque, where they were seen (photographed in DS on 11/6/2000) using sticks to mercilessly beat their opponents, causing bloodshed inside the mosque, not giving a hoot about the devotees who went there to pray. What sort of blockheadness is this!

Wake up call

Sir, Not so long ago, Abu Bayazid Mohammed Muhib, a twelve-year old boy, was mercilessly beaten to death by his school/hostel mates. Newspapers raised quite a hue and cry over the issue, which had shaken our consciousness. Then the news was pushed aside and another death news was there to clamour about. It was of a young businessman, Iftekhar

Ahmed Shipu who was shot dead at a market of Banani. In the meanwhile more such deaths occurred in a short span of time and there will still be more deaths to come in sequence if nothing is done to uproot the base of our homicidal environment. Until then, the three-year-old child's cry (daughter of the assassinated Shipu) will be tolling into our ears. Is this why hundreds and thousands of freedom fighters laid their lives in 1971?

On May 6, The Daily Star reported a press interview of the Prime Minister. These replies to a question on the law and order situation of the country, she has reportedly 'expressed her concern over the recent deterioration of law and order... and asked party MPs concerned to take care of their near and dear ones involved in creating the (law and order) situation.' She warned the party legislators of 'dire consequences in case they failed to control their unruly sons...' she has also 'issued' an order to a law-enforcing agency 'to book those responsible for deterioration of law and order.' But why does the PM has to take all initiatives? Where does our law-enforcing agencies stand?

Isn't it the duty of these agencies to maintain peace in the society? Anyway, we really do hope that this stance of the PM will act as a WAKE UP CALL for the nation.

A Dhaka

Whither higher education?

Sir, Dr Rehman Sobhan's convocation address (DS June 8) is refreshingly different from the run of the mill official political pronouncements from time to time on the crisis facing the higher education sector in Bangladesh: mostly due to politicisation. Why our politicians are so dependent on a non-political sector? The very aims and objectives of higher education have been distorted by the so-called elected representatives of the people! For public education, there is no allure; and for private education, there is no isle.

The Report of the National

Education Commission may be published for generating feedback for framing the correct policies, and to salvage the eroding base of this basic social foundation, on which depends

the very future of the country. The nation is not expected to nurse a poisoned and ailing system (educational arsenicis?).

Is the government in a mood to make any definite, positive, and practical announcement, which will satiate the guardians and their wards, and steer the academia into the right path? We are facing a basic question in life: "After politics, what?"

Abul M Ahmad Dhaka

The crime scene

Sir, Law and order in the country is far worse than what we read in newspapers. Hundreds of cases go unreported, because it is no use reporting it. Although more and more new laws are being enacted these days, crime is on an unabated rise.

An engineer friend of mine told me how a goon took away the contractor to his place and showed him an array of weapons in Barisal and