

EC: Troubled Within?

THERE has been some spilling of the beans. As it were, certain administrative goings on at the Election Commission. One wishes these had remained within its four walls before being sorted out to match the statutory status of the organisation. However, the fact that the spillage has taken place means that the EC is troubled inside out. Reports have appeared in quite a few newspapers lately, including The Daily Star, suggesting that differences of opinion have surfaced between Chief Election Commissioner M A Syed and some election commissioners on the question of appointment of foreign and local consultants to the body. Syed has even drawn a flak for having 'brought into the EC' some employees from the Security and Exchange Commission of which he had been the chairman just before taking up the post of CEC. By contrast, an important appointment like that of a secretary to the EC hangs fire.

Syed's views could not be sought on such matters as he is away attending the US government's internal visitor's programme to study the US political system and observe at first hand the US Presidential Election 2000. It won't be before November 12 that he is back at work and in a position to state his case. Regardless of the veracity or otherwise of the remarks being passed on him one thing is crystal-clear that there could not be any smoke without a fire.

To put it mildly, a crisis of confidence seems to be raging between the CEC and his colleague commissioners which bodes ill for the functioning of the organisation, let alone exercising its writ properly. We have to remember that controversy had dogged the appointment of the CEC and that of commissioner Shafiqur Rahman, so that the EC faced the challenge of making up for a certain credibility gap it had started out with. Unless the squabbles are put an end to the EC's image could only get tainted.

At the present moment the EC has a number of pressing agenda before it: finalisation of the voters' list; bye-election to Khulna-5 constituency; re-election at two centres to round off Comilla municipality poll; and dispute over the parliament membership of BNP's expelled MP Akhtaruzzaman. But most crucially the national election is closing in on the EC for it to be at the top gear of efficiency, free from bickering or credibility liability of any sort.

Fresh Loan is the Pressing Need

ALTHOUGH seasonal floods had ended with the least crop damage, the hopes and expectations of the farmers in the country's south-west have been cruelly belied by an untimely and unprecedented deluge. In a flash, floodwater engulfed acres after acres of crops and vegetables on both sides of the Indo-Bangla border. A conservative estimate puts crops and vegetables loss at nearly half a million tonne over 228,000 and 400,000 acres of land respectively in Satkhira and other south-western districts.

It is not the end of the story, however. A taskforce of the Water Development Board, formed to find the causes of the sudden spate and recommend remedial measures, is of the opinion that the floodwater will remain 'stagnant' for at least two weeks more. When it eventually recedes the farmers will have lost everything they had and in dire need of money to start anew. Encouragingly, the ministry of agriculture has already chalked up a Tk 45-crore post-rehabilitation programme to recoup the production loss. The plan is to provide loans, and make available agricultural inputs so that they can get on with an early boro and rabi cultivation to offset the heavy damage wrought by the sudden deluge.

The problem, it seems, lies in a rather slow-go attitude of the finance ministry to release funds in this regard. So far, the agriculture ministry has only received 11 crore taka, less than a third of the proposed amount. The rest might be disbursed over an indefinite period of time. The flood-hit farmers don't have that much time in hand. As a localised survey by one multinational company, dealing in seeds and pesticides, observed with apprehension, if they are not provided with loans and agriculture inputs soon, the "farmers will sell their cattle to arrange the fund" they need for boro plantation. Also, they may end up borrowing from the moneylenders at high interest rates. Either way, they would be exposed to bankruptcy. The government definitely deserves credit for exempting the flood-hit farmers of the region from repaying this year's instalments on previous loans. But, its helping hand should go beyond that. Fresh loan is the need of the hour.

For three consecutive years the farmers have produced bumper crops. The country is indebted to them for their efforts. It's time to pay them back.

Sharm el-Sheikh Summit Agreement: Last Dice for Peace

by Harun ur Rashid

Israel says that it will not withdraw its troops and tanks. The Palestinians, on the other hand, argue that until the Israeli troops are withdrawn, they would be the targets of the Palestinian youths. This appears to be a vicious cycle and it has to be broken if peace is to be restored. The agreement at the Summit appears to be a gamble and this may well be the last throw of the dice for peace.

IN an atmosphere darkened by a sense of mutual mistrust and betrayal of the past commitments, Israel and Palestine Authority have finally agreed on October 17 at the emergency Summit in the Egyptian resort, Sharm el-Sheikh, to end violence, to return the situation to that before the crisis, and set up a fact-finding mission to investigate the causes of the latest round of violence.

The Summit was chaired by President Mubarak of Egypt. Both Egyptian and the US President Bill Clinton invested enormous time and energy with Prime Minister Barak of Israel and Chairman Yasser Arafat of Palestine Authority to clinch the deal. Credit also goes to the UN Secretary General in convincing the leaders of both sides to attend the Summit, despite difficulties with their constituents.

It appears that President Clinton did not wish to leave the Middle East in a turmoil prior to his departure in January from his high office. No American President other than Mr. Clinton has devoted so much time to broker a peace deal between Israel and Palestine Authority since 1993.

Why did Violence Erupt?

The most immediate reason was believed to be the visit of the right-wing opposition leader of Israel, Ariel Sharon, to the premises of Al Aqsa Mosque on 28th September in East Jerusalem. It was argued by Mr. Sharon that he had the right to visit the Jewish holy place Temple Mount, the same site as the Mosque. Many Palestinians deny that the Temple Mount was located on the site quoting historical sources. Further the visit was a threat to the claim of East Jerusalem by the Palestinians.

Political analysts believe that there are many other deep rooted reasons for the rise of the present scale of violence and some of the possible reasons are mentioned below.

First, there is a view that the West could not help the Jews in Germany under Hitler's regime and wanted to settle the Jews on the Palestine, that is holy to the great three sibling religions: Judaism, Christianity and Islam. Israel was carved out of Palestine territory in 1948 by the West with the UN's approval after the Second World War and Britain finally left Palestine.

This had resulted in the exodus of millions of Palestine refugees from their homes to Lebanon, Syria and Jordan and they were replaced by the Jewish population from all over the world. The Palestine refugees have no right to return to Israel and they have limited civil and political rights in the receiving countries except in Jordan. The UN Relief Agency has been looking after these refugees in the Middle East and now they constitute 3.5 million, 650,000 in Lebanon.

Second, whatever lands remained after the creation of Israel were given to the Palestinian people. However, since 1967, Israel has been an occupying power on the truncated lands of Palestine people (West Bank including Jerusalem and Gaza) after the Arab-Israeli war. Since then Israel has pushed through about 160 Jewish settlements in the occupied West Bank, contrary to the rules of international law and the resolutions of the Security Council.

Third, although Israel withdrew its troops only from 40 per cent of the occupied West Bank since 1993, Israel controls the territory. For example, the airport in Gaza may be closed by Israel at its will. Israel under the right wing Netanyahu government stalled and delayed the implementation of Oslo Accord (1993).

The 40 per cent lands given to the Palestine people are islands in a sea of Israeli Jewish settlements and to get from one Palestinian territory to the next often requires passage through Israeli check posts. Given the situation the final borders of Palestine state (Barak is not willing to give whole of the West Bank) will invariably involve Jewish settlements and the Palestinians will not get back the whole of West Bank lost during the 1967 war.

Fourth, Israel controls the water supply in the Palestinian lands as it commands 80 per cent of the aquifers in the West Bank and the Gaza Strip. Even when the water is available the pressure is so low that people living at higher elevation have to trek down to lower ones to fetch water. Palestinians say that Israel provides each Palestinian with 10 litres of water daily, one-fifth the international standard. Apart from the daily hardships, Palestinian officials hold that the shortage of water has worrisome long-term effects because of the

over pumping of the groundwater in the Gaza Strip. The water level is dropping 15-20cm a year and salt-water intrusion now extends several kilometers inland from the Mediterranean, according to the officials.

Fifth, Israel has been receiving almost US\$3 billion dollars in aid from the US every year. Furthermore, Israel and the US are strategic partners and as such Israel continues to receive all sophisticated weapons. Israel is known to have nuclear weapons with the knowledge of the US while Arab countries have none. There is therefore an urge by some of the Arab countries to have chemical and biological weapons to establish a balance of power in the region.

Finally, the declaration of Palestine as an independent state has been repeatedly postponed by the leaderships of the Palestine Authority under the influence of the US and due to the threat of Israel. The White House argued that there would be accelerated final-status talks on comprehensive peace including the status of East Jerusalem with Israel and as such they opposed the unilateral declaration of

statehood. But the fact is that the target date of September this year of concluding comprehensive peace agreement lapsed. Israel wanted to settle the peace deal on its own terms and the status of East Jerusalem at the Camp David talks became the sticky issue and the talks failed. Chairman Arafat could not have sold the Camp David deal without East Jerusalem to his people and to the Islamic world.

Israel seems to be obstinate not to understand that the West Bank including Jerusalem and the Gaza Strip are to be returned to the Palestine people in accordance with the UN resolution. No UN member can hold on the occupied territory gained through war. To many, the very fact that Chairman Arafat compromised to leave West Jerusalem to Israel is a big concession by the Palestinian people.

The Palestine people are frustrated by the stalled peace process. They find no rewards for their patience. They have lost their lands and have no right to return to their original homelands in Israel. They live in pitiable conditions without sufficient supply of water and other basic necessities. Most of the young Palestinians have no jobs. Those who have jobs have to travel to Israeli lands through check posts. There is a simmering unrest among the people because they find that they have no where to go and they are in a bind. This frustration breeds extremist elements and when they are back to the wall, they find that they have nothing to lose if they resort to violence.

There is a view that Sharon's visit acted only as a spark to ignite the frustration into violence. The West realises that if the violence continues unabated, the whole world will be affected politically and economically in unpredictable ways. Furthermore there would be rise of suicide terrorists attacking the strategic interests of the US and other Western countries. (The attack on USS Cole at Aden port is an instance in point). The emergency Summit was convened and both sides agreed to end violence after acrimonious debate.

Will Their Constituents Comply with the Terms of the Agreement?

There was general reluctance by the Palestinians that their leader Arafat should not attend the Summit as most of them argued that the Summit was a ploy to work against their interests. Neither patience nor peaceful method did bring any rewards to them and violence seems to be the only alternative to achieve the goal.

On the other hand Barak's political fate hangs in balance. When the Parliament resumes at the end of October, there could be no-confidence motion against Barak. To save from the political calamity, he now wishes to form a national emergency government with Ariel Sharon, the opposition leader of the right-wing Likud Party. Barak's intention would act as a threat to the peace process to the Palestinians and is likely to strengthen the extremist elements among the Arabs.

Given the atmosphere of mistrust, it remains to be seen how far the terms of the agreement are complied with on the ground. Both sides have to sell their gains out of the agreement to the people. Israel may argue that its interests have been safeguarded because the Palestinian leadership has agreed to end the violence through a public statement. On the other hand Mr. Yasser Arafat may canvass that a US-UN fact-finding mission has been set up to investigate the causes of violence and Israel has to withdraw the troops and open the Gaza airport.

Conclusion

The bottomline seems to be that unless violence ceases, Israel says that it will not withdraw its troops and tanks. The Palestinians, on the other hand, argue that until the Israeli troops are withdrawn, they would be the targets of the Palestinian youths. This appears to be a vicious cycle and it has to be broken if peace is to be restored. Unless common-sense prevails, there is doubt whether peace can prevail and the resumption of efforts to achieve a permanent status accord will remain distant. The agreement at the Summit appears to be a gamble and this may well be the last throw of the dice for peace.

The author, a Barrister, is former Bangladesh Ambassador to the UN, Geneva.



Leaders at the summit: (L to R) UN Secretary General Kofi Annan, Prime Minister Ehud Barak of Israel, US President Bill Clinton, Chairman Yasser Arafat of Palestine Authority and President Hosni Mubarak of Egypt.

OPINION

Banks and Bureaucrats: The Sick Sector

Esam Sohail

Banking is a business perhaps as old as humanity itself. Every society, every age, and every civilisation has needed this industry to rim its day to day economic life. But banking is more than a business; indeed it has a role in society beyond that of any other commercial enterprise. In the words of Hugh McColl, Chairman of Bank of America, "Banks are the vital catalysts, the engines if you will, of the rest of commercial activity in any society." Mr McColl should know: in a relatively short span of thirty years he has turned his small, backwater North Carolina National Bank into the Bank of America which is the biggest US bank today.

And then there are the banks in Bangladesh. Repeated efforts to reform the sector have failed and the reports of the half a dozen commissions and panels are gathering dust in some obscure

cupboard of the Secretariat. At the same time, the government's borrowing from this sick sector reaches new records every month, leaving little for the private sector to borrow. Thus, the 'engine' that Hugh McColl extolls is more like a heavy wagon that needs immediate repair.

The irony, of course, is that Bangladeshis are capable of creating a decent banking system. The manpower is there. In my time I have seen more than a few brilliant Bengali executives in the former BCCI, New York's Citibank, and the British Midlands Bank. One will likely find the same calibre of folks in, say, Pubali Bank or Agrani Bank. These banks have an enviable branch network reaching to some pretty remote parts of the land. And even a virtually penniless 130 million people are quite large pool depositors. Yet, banking in Bangladesh is a

sector that is in bad shape. The reasons are quite obvious and well catalogued by ministers, academics, and bankers alike. There are the obdurate union bosses who see nothing beyond the next Collective Bargaining Agent (CBA) election and there are politicians who dare not cross these unions. This unholy nexus has led to continued control of the biggest banks by bureaucrats who are unwilling and unable to get rid of excessive manpower or install the latest technology. In tandem, the government has kept on borrowing from the nationalised commercial banks who cannot say no to their boss. Hence, the budding IT industry, or any enterprise for that matter, has little to borrow except at exceptionally high rates of interest. No matter what a rosy picture Finance Minister Shah AMS Kibria paints or how confident the central bank's governor Dr

Farash Uddin sounds, the malaise in the banking sector is for all to see.

This state of affairs needs to change. As early as 1996, the World Bank's report on economic restructuring in Bangladesh pointed out the sorry condition of its banking system. But, one does not have to pore over the reports of the World Bank and the International Monetary Fund (IMF) to realise that banking in Bangladesh must go through serious and immediate structural reforms to do its part in the nation's economic development. These reforms must grow out of the principle of free markets and free competition. The government could give a major economic boost to the country by completely and consciously getting out of the banking business right now. After all it stands to reason that bankers should run banks and bureaucrats should run

secretariats. The four nationalised commercial banks (NCBs), which amongst them control more than half the deposits in the country and yet are major loss-prone entities, need to be turned over to investors. This step in itself will most likely lead to the government being unable to gobble up the lion's share of the available credit in the economy. The resultant drop in prime interest rates should make loans more affordable to business and individuals.

Additionally, requirements for foreign banks to set up shop in Bangladesh must be eased, not tightened. We are utter fools if we believe that somehow having more lenders in the market is a bad thing. Competition improves every business and, in banking, it tends to push down interest rates. Most of us know that many a start-up company in Chittagong or Dhaka could sure use a little

more affordable financing.

None of this is to say that governments have no role in banking. They always have and always should. But that role is one of a regulatory watchdog, not a near-monopolist competitor. Once NCBs have been turned over to investors, the government can better use its resources to keep an eye on the industry and act as an efficient arbitrator and a neutral regulator as needed. This function is best accomplished by the Bangladesh Bank rather than the Finance Ministry.

The banking sector in Bangladesh can indeed become a catalyst for development, an engine for the rest of commerce, to paraphrase the redoubtable Hugh McColl. It ought to. An emerging new Asian "tiger" cannot afford not to have a healthy and vibrant banking system.

To the Editor ...

Get the region going

Sir, Regional cooperation in developing the vast water resources of the Himalayan rivers will benefit millions of people in our region. Even though much has been written on the subject over the last few decades, no progress has been made towards realisation of this potentially promising source for prosperity for the region. Your esteemed daily published a fairly comprehensive article on "The Ganges Basin development: An Actionable Proposal" (October 6, 2000), wherein Ambassador Syed Muhammad Hussain has elaborated on, apart from an informative, analytic background, the merits/demerits of the alternative proposals. Ambassador Hussain has also very deftly summed up some of the salient points of this rather complex issue, effectively arguing for concrete actions in terms of preparing an Approach Paper and circulating the same to the coparticipating countries. The highest authorities in these three countries, we all hope, should certainly respond to the appeal "on behalf of the millions of poor people to undertake jointly a visionary journey into the new millennium with a view to commencing the process of converting the vast water resources into the wealth of nations in the region". A hope that we all share and so succinctly voiced by Ambassador Hussain. Some of

his earlier articles also contain valuable insights into the issues of water resources development in this region.

We sincerely hope that appropriate steps will be adopted by our concerned authorities in right earnest in this area of vital interest since multiple uses of waters of the Ganges and other major rivers, will offer us many benefits including supply of cheap and clean hydropower and ensure significant mitigation of the floods that ravage our lands so very frequently.

Abdul Motin
House-34, Road-9C
Uttara, Dhaka

Price hike of Basundhara LP Gas

Sir, It is regrettable that Basundhara LP Gas Ltd has increased the price of LPG cylinder abnormally. So far my knowledge goes, in the financial budget 2000-2001, taxes on crude oil for LPG production reduced. So, it was apprehended that price of LP Gas will be reduced to some extent. But it is very unfortunate that the LPG was not re-priced according to the needs and expectation. Recently, the company increased the price of cylinder LP gas unexpectedly high on the pretext of Taka devaluation. The dealers in Khulna said that the company has increased the price 16 per cent according to their

sweet will whereas local currency has devalued only 6 per cent. In the free market economy, it should be the privilege of the common mass to enjoy the cheaper price facility than the government price. But in our country it is the opposite. I request the concerned authority to look into the matter and fix the gas price at a reasonable rate.

MH Bari
"Ananya"
2/1 Khanjahan Ali Road
Tare Pukur, Khulna-9100

Exporting frozen food

Sir, Our export growth in frozen food sector is indeed highly appreciable. In 1973, there were only 15 fish processing plants and the export earnings was \$3.17 million only. But the country earned over US\$343 million in 1999-2000 financial year exceeding all previous record. Now there are 124 fish processing plants in Bangladesh out of which 61 factories hold the government license for exporting frozen foods from Bangladesh on condition of maintaining the quality and only 47 plants hold the EU (European Union) approval after compliance of HACCP (Hazard Analysis and Critical Control Point) system in these respective plants with a very high cost.

But due to various hurdles such as scarcity of raw materials,

international market fluctuation, high rate of bank interests, political instability, non-availability of ships, scarcity of refrigerated container, natural calamities; problems like infrastructure, electricity, utilities, and above all, lack of government support this profitable export earning sector is not flourishing up to the mark. If necessary steps are not taken by the government to protect the interest of this fast growing export sector, it is not unlikely that the fate of this sector will be very much like that of jute, tea or leather sectors.

So I earnestly request the PM, Finance Minister and other relevant authorities to form an expert committee for this sector especially to identify and to arrest the problems for necessary back-up support.

Mohd Hafzul Bari
Deputy General Manager
Bionic Fish Processing Ltd.
Khulna

Improve the marketing network

Sir, Attention of the facilitators (GoB) is drawn to the report in DS of October 9 describing the sad economic plight of the poultry farms due to lack of marketing structure and network. While loans and technical services on setting up the poultry farms are available, the heterogeneous project components lack integrated services, including storage, distribution and marketing (and training on selling). This

can be easily detected through properly installed Monitoring Service, without depending on press reports.

The situation is similar in other sectors where the rural areas are involved. Marketing by small business enterprises is always a big problem in a developing country; although the big players in the private sector are very much visible, and they control and manipulate the market.

There is another weak area: in marketing, the middlemen manipulate to control the market, which goes against the consumers (the consumer servicing mechanism is weak). In the above case, the price of broiler chicken in Dhaka is almost double the rate quoted for a district town. To cite another example, there is no justification for the price of meat/mutton to be Taka 140 per kg and the price of small fish to be above Taka 100/kg. In the wet markets the retail prices hardly bear any resemblance to the purchasing power of the majority of the shoppers. There should be a Consumers' Servicing Cell in the public sector, which may introduce a Monitoring Network in association with private bodies such as the CAB (Consumers' Association of Bangladesh), and the NGOs. It is not enough for the government to be smug about the low or lower inflation rate and forget about the consumers.

The Cooperatives (an old established movement since the British days) have failed miserably due to rampant corruption and

politicisation, generally speaking. The ruling regime can get more future votes if they take good care of the harassed retail consumers.

AMA
Dhaka

Why this injustice?

Sir, These days the police have become very dutiful but in one place. They are stopping and checking cars which do not do any wrong or break any rules. They then take away the relevant papers which are in order and file a case on some flimsy ground.

In different roads and streets, construction materials are piled up in heaps causing traffic jams, also tons of water is pumped on to the main roads from the construction site causing road damage as the water stands there for days. It also leads to mosquito breeding. But nothing is done by the law enforcers to stop these malpractice and save the public and the roads. Hundreds of autorickshaws and rickshaws are plying haphazardly without any license or with false license, causing air pollution and traffic jams but nobody checks them.

Then why only the car owners are being punished while the rest are going scot-free even after breaking the rules and committing bigger crimes?

Sarah
Dhaka