

## Can Asia have a new currency regime?

AMM SHAHABUDDIN

THE question is rather simple and straight. But it is rather hard to offer an outright answer in a single shot of 'yes' or 'no.' In order to get a comprehensive picture of the prevailing situation, we will have to go deeper for either a positive or negative answer. The recent ASEM (Asia Europe Meeting) Finance Ministers' Conference held in Kobe (Japan) had made a thorough study of the issue and had offered a number of suggestions to be considered by 25 member countries (15 EU (European Union) countries and 10 Asian countries (seven ASEAN countries, plus China, Japan and South Korea). A brief analysis of the proposals made by the ASEM conference would throw some light as to what shape the future post-crisis currency system suitable for unhindered Asian economic growth might take.

The two-day Kobe conference, hosted by the Japanese Government, discussed in details 'pit falls' of hidden dangers that caused the devastation and ruination of South Asian economy in 1997 and measures to save Asian economic growth from the vulnerability of sudden external economic shocks or unpredicted 'financial quakes' creating severe panics and jolts. The main reason of the 1997 South Asian financial crisis was focused on the mighty and unrivalled currency king US dollar to which most of the Asian countries were pegged. Perhaps the Asian countries ignored the time-honoured maxim 'never put all your eggs in one basket.' So when the basket fell, all of them had a great fall, except a few honourable exceptions, who had

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the foresight and far-sight of the impending danger.

The ASEM conference expressed satisfaction that the economic growth prospects in Asia and Europe had improved over the past two years. But pointed out that certain developments, particularly the expected slowing down of US economy, had confirmed that the 'down-side risks' for Asian economy had increased. The meeting, therefore, stressed the need for taking positive actions to make their economy more robust and thus further reduce the existing vulnerability to 'external shocks.'

### External shocks

This warning against impact of 'external shocks' on Asian economy reminds of the 'free-advice' volunteered by that well-known US financial wizard, George Ross, who made a name and fame by manipulating the 1997 financial crisis in the region and consequently syphoning off billions of dollars from the South Asian financial markets. That great Ross had come up some time back with a proposal that the US-dominated IMF (International Monetary Fund) should be accepted as a central bank for regulating the world economy, if not to avoid totally, but at least to control, the coming economic 'doomsday' which, according to Ross, the financial markets "can move like wrecking ball knocking

over one economy after another." The 'forecast' by Ross might have betrayed his another design for a repeat performance of 1997 drama! Thus the 'external shocks' apprehended by the Kobe meeting obliquely referred to the deep crisis caused by the 1997 financial crash. A word to the wise should be enough.

One of the hardest hit countries in the 1997 crisis was Japan and its currency 'yen' which once aspired to dethrone 'dollar' from its monopoly as a currency king. But it has been cut to its size at least for some time to come. It is, therefore, imperative on the part of the South Asian countries to take lesson from the 'hard-fall' it had experienced a couple of years back. And that is why the ASEM leaders had advised that the Asian economies "should tread carefully" in adopting a new currency regime to replace the one that was "swept away" in the 1997 crisis. "No single arrangement is necessarily right for all countries all the time," the meeting warned.

The 'free-falling' of the Japanese yen, also tagged with dollar, had slid further to its lowest level against US dollar, since July 1999. It naturally posed a big question before the AMES Ministers as to what kind of currency system was best suited to the Southeast and South Asian economic growth and to avoid a repetition of 1997 tragedy that

practically brought to a halt the wheels of South Asia's years of growth. In this context, France and Japan had suggested to the ASEM meeting that Asia should include both 'Euro,' the common currency of the 15-nation European Union (EU), launched just two years back, and 'yen' in a new post-crisis currency regime. However, voices of dissent were raised by Indonesia and Malaysia who didn't like to join "a basket of trading units dominated by yen." And they also wanted to keep their currencies independent.

### Mahathir's new deal

Among the South Asian nations Malaysia perhaps is the only country that had consistently refused to tow the line prescribed by agencies like IMF. Malaysia has been following its own 'prescription' to promote its economic growth that could save itself from the 1997 onslaught. Headed by the chief architect for modern Malaysia, Prime Minister Mahathir, who is disliked by some of the Western powers, particularly America, for not towing their line, it had evolved its own 'anti-financial quake remedies' to deal with any adverse situation. In his recent book, "A New Deal for Asia," Mahathir had enunciated a number of such 'remedies' to cope with man-made 'financial quakes,' like the one that created a havoc in the Southeast Asian region about three years

back. The main thrust of his proposals for ensuring a new deal for Asia was ensuring respect for Asia's right to independent social and economic development, "free of speculative attack and outside interference or western lecturing."

### Long way to go

It took Europe some five decades or so to evolve a single currency system. It won't, therefore, be easy going for Asia to achieve a similar goal within a short space of time. The process would have to go through many twists and turns, picking up lessons from Europe. Any move to free Asian countries from the dollar tag and put Euro and yen in a new post-crisis currency regime seems to be a far cry. Hence any move to introduce a single currency system for Asia, like Europe, will also be considered by many as a wild dream. But a dream sometimes comes true. As they say, experience is the best teacher. The shocking experience gained by the Southeast Asian nations in 1997 financial debacle would definitely serve as a good teacher to lead to their much-dreamt-of goal.

Meanwhile, an encouraging signal has come from the Japanese representative at the ASEM conference who had come up with a proposal that a research centre should be set up in Kobe, known as Kobe Research Project which will be entrusted with the task of linking the 'think-tanks' in Asia and Europe in their studies of what would be the best currency regime suited to the Asian nations for their economic growth. So the 'seeds' had been sown by the ASEM conference to save the 'burnt child' from the fire.

AMM Shahabuddin is a retired UN official.

## Who is Ariel Sharon ?

Most of the Arab world reviles Mr. Sharon as a "war criminal" who should have stood trial long ago for his role in thousands of Arab deaths. The statute of International Criminal Court, of which Israel is a party, cannot be applied retrospectively (for past crimes). Because of the limitations, he cannot be prosecuted.



HARUN UR RASHID

The 72-year old General Ariel Sharon who was written off politically because of his extreme right wing and belligerent views was elected as the Prime Minister of Israel on 6 February with about 60 per cent of the votes cast in his favour. It is a surprising come back for a Jewish leader whose controversial visit to the premises of Al Aqsa Mosque in September last year triggered the continued violence in Israeli occupied lands.

Born near Tel Aviv in 1928 of Russian immigrants, Sharon's birth

name was Scheinerman, later changed to the more Hebrew sounding Sharon. It is believed that at 13, he was crouching in the fields by night holding a knife watching Arab intruders. He joined the army and as a young soldier he fought for Israel's creation in 1948. He swiftly rose through the ranks of the Israeli army.

As a soldier he was difficult to his commanders. He was rebuked in 1956 by his superiors after engaging his troops in what his commanders regarded as an unnecessary and unplanned battle with Egyptian forces. However, he distinguished himself commanding armoured divisions in the Arab-Israeli wars in 1967 and 1973. He had been engaged in all the wars against Arabs since 1948.

He as a Defence Minister led Israel into the 1982 war in Lebanon and oversaw the slaughter of hundreds of Palestinian refugees at Sabra and Shatila camps. He had to resign later from the post as he was held "indirectly responsible" for the massacre by an investigative commission. As a Housing Minister he led the push to build dozens of Jewish settlements in West Bank and Gaza Strip, despite Palestinian and international protest. The settlements are one of the bottlenecks in peace negotiations.

Sharon is a hard liner as he can be. He does not intend to give the Palestinians more land than they now control about 42 per cent of the West Bank and most of the Gaza Strip. He wants to keep the Jewish settlements in the occupied land as they exist. He strongly opposes the division of Jerusalem and intends to make it the capital of Israel. He is totally opposed to the return of

Palestinian refugees to their original home in Israel. He does not wish to recognise Palestinian State until Palestinians end all hostilities.

He refuses to shake hands with the Palestinian leader until he desists from what Mr. Sharon calls "terrorism". He once called Arabs "imbecile". As a Member of Parliament, he never voted in favour of any of Israel's peace agreements with neighbouring Arab States.

Given his records the question is: Why did the Israelis elect a hawk?

The short answer appears to be that peace did not come under Ehud Barak and the Israelis want to try with a leader who is perceived as 'strong and firm' with the Arabs. This seems to be a misplaced perception of Israelis. Peace did not come because the Israelis were not ready to exchange "Lands for Peace". The bottom line is unless there is a change of heart on the part of political leaders and Israelis to give the occupied land back to the Palestinians, peace is most likely to elude them. Israel is bound to surrender the occupied lands, in terms of Security Council resolutions, to the Palestine people. This is an international obligation Israel must comply with.

Most of the Arab world reviles Mr. Sharon as a "war criminal" who should have stood trial long ago for his role in thousands of Arab deaths. The statute of International Criminal Court, of which Israel is a party, cannot be applied retrospectively (for past crimes). Because of the limitations, he cannot be prosecuted. However, there is a possibility if Sharon visits any country, a criminal case could be mounted against him by the aggrieved parties in the court of that respective country following the precedent of former Chilean President Pinochet in Britain. But the chance of success of prosecution is remote so long he occupies the position of Prime Minister of Israel.

Barrister Harun ur Rashid is former Bangladesh Ambassador to the United Nations, Geneva.



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### Aged first

Memory loss is inevitable as we get older? Not necessarily. As we get older the most common loss of memory is a selective one: We tend to have difficulty remembering the most recent things we learned and may not be able to recall what happened in the past 24 hours yet have no trouble remembering things that happened years ago. The most charitable explanation for this is that the older we get, the more things we have to think about and the less able we are to add entries to the encyclopedia in our brain for easy reference. The problem can be ameliorated with the lists and mnemonic devices people always use to make sure they don't forget important events.

### Fact and fiction

#### Weight gain

People who eat fast gain more weight than people who eat slowly? Only if they eat more food. Which is, of course, a distinct possibility. It takes a few minutes for the food you eat to reach your stomach and make you feel full. If you eat quickly, you may consume more food than is necessary to quell your hunger pangs.

On the other hand, eating slowly and waiting to see if you're still hungry before you reach for a second helping may enable you to cut back on your calories without feeling deprived. And that can limit weight gain.

### Small act, big fact

#### Time to get rid of your shoes?

Once you've logged 300 running or walking miles on them, they've been toasted. If you don't track your mileage, use this test: Grab the toe and heel of the sole and twist. When the shoe gives easily retire it. Another check: Place the shoe on a flat surface and see if the heel tilts dramatically to one side or the other. It does? Head for the shoe store.

Tomorrow: Know your medicines

## Thoughts on norms and values of our Administration

MD RAFIQUK ISLAM TALUKDAR AND TARANA TANZIN

THE concept of public administration has newly been laced with the aspects of governance, although the concept of good governance has so far failed to match the radicalism of the notion of human development. With the humane governance, people are the ultimate. The aspiration looks better in paper but its practice in Bangladesh is still undemonstrative. The administration in Bangladesh fails to meet with all aspects of humane governance. Our administration still lacks institutional delivery system to reach the poorest sections of the society who are without any political umbrella to reallocate investments in their favour. We must try to reflect people's values and aspirations in our administration.

In the post-independence period between 1971 and 1999, there has been a large extension of the public administration with the establishment of welfare state as well as adoption of modernization, nationalization and freemarket concepts. The changing pattern of these basically western concepts to an extent are negatively influencing our administrative structure and setup. Although some major changes in our administrative setup were brought about by various reform efforts, today's public administration in Bangladesh is no doubt only oversized and not as efficient. It is either because of political ill motivation behind the reform or political inefficiency itself.

The features of administration in Bangladesh are too many persons employed, their services not fully utilized, and they are often not qualified by training and experience to accomplish the assigned job. The

huge size bureaucracy not only breeds inefficiencies among others, it also imposes heavy costs on the exchequer. In our country, the wage bill of civil servants accounts for 40 per cent of government expenditure. The huge cost of maintaining such a large administration not only draws away resources from development sectors but also forces cutback from education and infrastructure.

Our administration has fallen back on its most essential tasks even though its involvement in the socio-economic lives of the people remains pervasive. The most basic public goods do not get delivered: sound macro economic management, basic official services, and internal law and order. When institutions are weak, individuals become powerful by creating opportunities for rent seeking and illegal extortion with the help of insensitive administration. The ability of government to deliver the most basic services is further weekend by endemic corruption. All of the four forms of corruption (say, corruption as neglect of official duties, corruption as leakage, corruption as bribery and corruption as patronage) are being practiced in our administration. The level of ethics among the administrators in this country is very poor. Even the judicial administration has become insensitive. Lower courts remain largely inaccessible to the poor, hugely backlogged, and often allegedly subject to manipulation by politicians and other influential people. Outdated laws impede the protection of property rights. These courts are generally perceived as being manned by an insufficient number of inadequately trained and ill paid judges. This results in long delays, insensitivity and poor quality of judgment. Anyway, the fuel of

public Administration is legislative system. The responsibility for effective execution of legislative mandates rests clearly upon the executive. Unfortunately, the elected members of our parliament failed to fulfill their obligations to the people.

Since the independence from the British colonialism, the country, then part of Pakistan was under military regime for the most part of time till emergence of Bangladesh. Even the picture of independent Bangladesh had been frustrated with military rule. The military rule of 1975-1990 gave birth to a military bureaucracy that had broken down the civil administration. The present democratic features are not also satisfactory, however. The different aspects of democracy like parliament, vote, election, independent judiciary remain less practised. Unfortunately, here democracy remains just a name. As a result, public administration has become uncontrolled, in virtual absence of rule of law. In reality our administration is neglecting respectively administrative rules, statutes and even constitutional provisions. These are creating new unethical norms, which destroy the fabric of society.

Bureaucrats often forget that it is their job to implement policies and not to make policies themselves. Even the bureaucrats exert influence over politicians at different levels of governance. Taking opportunity of weakness of the policy makers they are determining the policies. Sometimes they are acting as political agents and thus abusing power for self-interest. Illegal activities like red-tapism, exploitation of needy people are going on unabated.

Under a positive orientation and democratic supervision, accountability can ensure adequate performance. The principal mechanisms of administrative accountability are hierarchy, written reports, rules and regulations, audit inspection/supervision, code of conduct etc. The legislative mechanisms are convention of ministerial responsibility, legislative debates, parliamentary questioning and committee system. Judicial mechanism lies in court review. The relative importance of these three types of accountability mechanisms are much needed for a democratic country. The last two can ensure the first one. But due to practical absence of the last two, accountability mechanisms in public administration of Bangladesh are either not in place or they do not work. In order to ensure public accountability, the constitution of Bangladesh prescribes some specific institutional means. Such institutional means include the office of the ombudsman, administrative tribunals, and different constitutional bodies like the Public Service Commission. In reality, many of such bodies have hardly acted properly. The office of the ombudsman had never been constituted.

The distribution of public services in this country is often an element in aggravating the inadequacy of income distribution rather than ameliorating it. This has been neither very efficient nor effective in discharging the prime function of serving people. Administration can

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