

BGMEA's concern for security

Let's take note, and do something about it

THE business community is gripped by a sense of insecurity. But among them, the hardest hit seems to be the garments sector. The US\$4.5 billion industry is our foremost export-earner. As such, criminals associate the sector with affluence. Being city-based, visible and dynamic, the garment manufacturing units are obvious targets of extortionist exploits. The industrialists and exporters in the sector are routinely preyed upon by the mastaans like the predators do so well in the jungle.

The Bangladesh Garments Exporters and Manufacturers Association (BGMEA) is incensed. It has released the data of sufferance endured since February this year: mugging (Tk 3.03 crore), theft of machines and appliances (248 cases), and numerous incidents of vandalism within industrial compounds. The thugs have never been in short supply of ingenious methods for extortion and extraction. Factory managers are forced to sell fabric waste at a throwaway price. In a wistful warm-up to what they perceive as Ramadan 'lucru' unfolding (so early in the day!) they have started intimidating factory owners by foisting their so-called offers on them to buy high-priced *iftari* from them when the month of Ramadan will have begun.

Against this charged backdrop, the BGMEA has decided to launch a massive sensitisation campaign about the ordeals the garments sector faces and the actions that are needed to redress them. They have proclaimed their agenda to the public. We endorse their initiative -- desperate as they have been to seek a change in the situation which they find difficult to endure in their business interest.

They have plans to highlight their predicament to the political leaders, parliamentarians, government functionaries, law enforcement people, the media and civil society so as to create an environment for effective counter-measures to be put in place. With vigorous law enforcement and the public resisting the tyrannical forays of mastaans into business and industry, the latter would have no way but to surrender before the moral assertion of the society.

Even though hooliganism and extortionist behaviour are all-pervasive, operationally they are localised. This has been unfortunately overlooked thus far. So, it is at the community level that the scourge has to be fought. Composite law and order committees at the ward level and vigil groups in industrial and business areas can prove extremely effective in coping with the increasing economic tyranny of the social desperados.

Durga Puja ends

Govt vigil appreciated

A year ago, there had been an unfortunate incidence of violence during the Durga Puja celebrations. This was out of tune with the communal harmony we have been known for.

Drawing on last year's experience, the government made some special security arrangements for the festival this year. Contingents of police and paramilitary Bangladesh Rifles (BDR) were deployed at the Puja mandaps across the country, especially the ones marked out as 'vulnerable.' The heavy security arrangement did work. The Durga Puja festivities went on smoothly. Encouraged by deployment of security forces, people of all ages visited different Puja sites and temples in their localities.

The government and the law enforcement agencies deserve credit for maintaining order and keeping potential trouble-makers at bay during the five-day Hindu festivities. However, that there had to be special security arrangement for the Hindu community so that they could take part in their biggest religious festival means we have elements to take guard against. And that the government is alive to it bodes well.

Religious tolerance and communal harmony constitute the essence of a pluralistic democratic society which our Constitution embodies with great care and commitment. We cannot just let some deranged minds toy with that. While appreciating the administrative vigil on this score, we express our satisfaction over the fact that the festivities were well observed.

MAHUBUR RAHMAN

BANGLADESH economy like any other economy had in the past ups and downs depending on natural calamities, political environment, trade policies, fiscal measures, external factors and internal law and order situation. The economy has done relatively well during last two decades compared to the situation that prevailed immediately after the independence of the country. The country has achieved reasonable successes in areas of human development, population control, food security and disaster management. It has weathered several external financial shocks, debt crises, kept the rate of inflation at a reasonable level and achieved an average economic growth rate at 4.3 per cent in 1980s and 1990s. However, against the backdrop of all these successes, poverty level is still higher over 50 per cent of the population being below the poverty line. Poor governance, systemic corruption and deteriorating law and order continue to be major deterrents to a private sector led higher economic growth.

When the new government took over in October last, it immediately confronted unsustainable levels of public sector deficit and domestic financing, with a high rate of monetary accommodation. It inherited an uncomfortable level of foreign exchange reserve. The new government deserves special appreciation here, for taking a few significant

steps towards restoring fiscal discipline by reducing the deficit by 1.6 per cent of the GDP in the fiscal 2001-02. It had been successful in substantially increasing revenue collection and reducing expenditures through a number of fiscal measures. The government buoyed by its success in the last fiscal has set an ambitious target in this year's national budget to reduce the fiscal deficit further to 3.9 per cent of the

capital goods during the period is indicative of a spurt in manufacturing activities.

Of late, there has been continuing pressure on the price situation because of the rise in both food and non-food items including increased tariff on utilities. This is causing more hardship to the lower and middle income group which needs to be arrested. However, the rate of inflation is still below 3.0 per cent.

business people in particular, even a commoner, who does not have anything to be taken away by criminals, has developed a sense of insecurity. This is not a new development. The problem of law and order has intensified over the past few years. Killing, extortion and other crimes, however, have now reached a new height making people really scared. Politics aside, the law and order plays the most

important role in trade and investment, both local and foreign. The government needs to do something more than routine work to improve the situation; including refurbishment of their home front.

I want to bring to your kind notice another important aspect i.e. the ongoing process of globalisation and our preparation to face it. Few will contest the fact that globalisation has created more difficulties than opportunities for a country like Bangladesh, as our capacity to accept the challenges are slow and inadequate. At the same time, we are also experiencing serious problems of market access to the developed markets and even to our neighbouring India who are export-

ing in billions of dollars both formally and informally into Bangladesh. Bangladesh is among the 49 LDCs where more than half of the population lives on less than one dollar a day. The economies of LDCs are increasingly marginalized by global trade as their share in global exports is mere 0.4 percent. The total debt of the LDCs grew from 70 billion US dollars to 135 billion dollars between mid-1980s and mid-1990s. Their cumulative debt almost equals their combined GDP and a fourth of their annual export earning is spent on debt-servicing. Debt relief, increased flow of FDI to LDCs and unhindered access of LDCs exports to developed markets are among the key areas that can help reverse the present dire situation in LDCs.

Though the local private investment in Bangladesh has picked up a little bit in recent months, the flow of foreign direct investment (FDI) has been discouraging. According to the latest World Investment Report of the UNCTAD, the FDI inflows to the developing countries of Asia and the Pacific fell from 134 billion US dollar in 2000 to 102 billion in 2001. Bangladesh and Lao People's Republic

The writer is president, International Chamber of Commerce (ICC), Bangladesh, and former president, FBCCI & DCCI

The deteriorating law and order situation has seemingly over-shadowed all the positive gains, may it be on the economic front or on other fronts. Not the business people in particular, even a commoner, who does not have anything to be taken away by criminals, has developed a sense of insecurity. This is not a new development...Politics aside, the law and order plays the most important role in trade and investment, both local and foreign.

GDP. The problem of foreign exchange reserve, which once appeared formidable, has been eased; thanks to prudent policies pursued by the government to attract flow of remittances from Bangladeshis working abroad through banking channels. Though the external environment is still not conducive to the growth of export, relative stability in export performance seems encouraging. The current account position and balance of trade have recorded some improvements in recent months.

The overall imports of goods and merchandise recorded a fall in the last fiscal as well as during few months of the current calendar year. However, increase in imports of

The government till now has shown its strong commitment to the privatization of the state-owned enterprises. Privatization of the world's largest jute mill Adamjee in particular demonstrated government's determination to carry forward the reforms programme. We, however, feel further steps in the same direction should be taken now; to avoid faltering as experienced in the past.

These are some of the fundamentals of the economy showing signs of improvement. But one particular factor, the deteriorating law and order situation, has seemingly over-shadowed all the positive gains, may it be on the economic front or on other fronts. Not the

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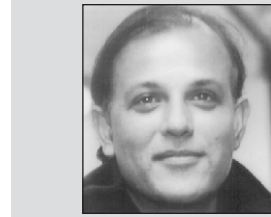
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Uncomfortable questions, comfortable answers



K.A.S. MURSHID

It was there when the accusation was made. Other well-known economists were also present, and frankly, I think for a moment we were flustered. The question raised was unexpected since after all, we were economists and not used to simple (simplistic?), direct and blunt questions, at least, not in public. I should not keep you in suspense anymore and must now disclose the nature of the question. The sole non-economist amongst us asked why it was that the Bangladesh economists (i.e. those sitting around the table) always complained about 'donor driven policies' but offered little policy advice themselves; why wasn't there a unanimity of view amongst them with regard to crucial issues like privatisation, gas exports, free trade, and WHY were we perpetually found sitting on the fence? WHY? The questions were uncomfortable, even irritating. But at the same time, did they have the virtue of being 'reasonable' as well? Let us investigate.

There is a certain note of frustration that is evident from the questions posed: a frustration with long, seemingly unending debates on e.g. gas exports or privatisation of state owned enterprises, and the

difficulty of arriving at a clear policy conclusion and this is perfectly understandable. Unfortunately, the real world of development rarely produces such clarity of purpose or intent. Like human beings, development is a complex process that is imperfectly understood. Policy makers and development economists have to struggle with theory, evidence, interpretation and historical experience in order to be able to

and even less, writing except for consultancy reports of course) but excessive modesty is not one of them. All one has to do is to attend any of the half dozen seminars and workshops that are conducted every day to verify the veracity of my statement. We are not shy of making policy suggestions, solicited or otherwise, and we make our positions known not just through 'key note papers'. Readers will no doubt

the Marxists tried to impose a similar world ideological order (with some success)? Disagreements are much more fun, and ultimately much more rewarding for through the process of engagement, discussion, disagreement and occasional agreement, we move forward intellectually to engender new ideas and new visions. The only thing you are entitled to ask of economists is that they are diligent in their inquiry

never ever took upon himself the duty of advising governments but at the same time, he made sure that his ideas and writings were available in the public domain for all to see. He felt that his duty as an economist ended at that point, and it was entirely up to policy makers and politicians to take it up from there, if they so wished. I for one would entirely agree.

As for finding ourselves re-

framing ourselves as economists and non-economists alike) must guard against it to see things in stark black and white, unless of course you are a penguin. As for policy makers well that is a different story: they do not have the luxury of obfuscation. Unlike economists who can afford to go on discussing *ad infinitum*, policy makers must actually learn to take decisions. Chairing seminar sessions is wonderful but may well tend to distract and confuse. I would therefore suggest a drastic reduction in seminar participation, to perhaps just one a day, to begin with.

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Dr K A S Murshid is an economist and Research Director, BIDS.

BETWEEN YOURSELF AND ME
It is not necessary for economists to advise governments or act as advisors, although some of us will invariably find ourselves doing exactly that. The important thing is to seek engagement at the level of ideas, practice and policy, both nationally and at a wider level. The important thing is not to seek convergence as such, but never to cease questioning, never to accept ideological hegemony and never to be satisfied with blind acceptance of development fads, fashions and fetishes.

diagnose and then pronounce on policy. The government in turn has to deal with pressure groups, lobbies and implementation mechanisms, at which level many a policy prescription has been dashed against the stormy shores of public opinion. And there is ample room for disagreement too, and at each and every step of this long and tortuous road. Only someone who is unable to appreciate the sheer complexity of the development challenge posed can pose 'simple' questions; only a non-economist can get away with it!

Do Bangladeshi economists refrain from policy advocacy? We as economists suffer from many limitations (we spend too much time talking, not quite enough, thinking,

remember the numerous articles published in the pages of the DS on e.g. on gas exports or on any other economic issue of vital national importance. That many contributors are not even trained economists should not detract from their merit.

If the charge is that economists are not able to agree on policy issues in order to be able to take a clear, collective, united stand I plead guilty. Why on earth would you want us ALL to agree? You would then cease to have 'schools of thought', heady debates or unorthodox, innovative research not that we have much of those any way but the very idea of such uniformity, such conformity is just too terrible even to contemplate! Doesn't it remind you of an earlier era when

and that they disseminate their findings. While the situation can certainly be improved greatly, it would be impolite (and incorrect) to suggest that we have totally failed in our mission!

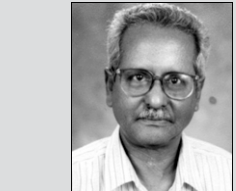
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quently 'sitting on the fence', I would again humbly submit that it is our birthright to do so. Should we be ashamed to say that we do not know? Should we not be allowed to proclaim that while on the ONE hand

THIS and on the other hand, THAT.? Should we not be allowed to speculate that there is a slight possibility that a given policy could backfire, even though it enjoys support of e.g. the World Bank? Let us take a hypothetical example.

Let us assume that since our foreign reserves are 'reasonable' and rising, the FM decides (on the basis of policy advice from his economists and a vigorous nudge from the IMF) to allow the taka to be made fully convertible. Everyone

After the Pak polls, what?



M.J. ZAHEDI

transfer of power, but they appreciated the 'positive steps' taken by the Election Commission. Of course, the government denied some of the conclusions drawn by the observers.

The split mandate has created several complexities in forming government and then running it in a smooth and orderly manner for long. It is feared that the weak federal and provincial governments will be susceptible to the tactics of smaller

female. Eighty-three political parties and independent candidates contested 1,070 seats in NA (332) and the four PA's (728). According to one estimate, the elections would have cost the exchequer one billion rupees, and the government had allowed each candidate to spend Rs 1.5 million for NA and Rs one million for the PA's.

To understand the implications of the just-held elections, it would be interesting to have a peek at the

held in October 1977 by Zia, would have been swept by Bhutto.

Zia took over power from Bhutto. He was forced to hold the much-delayed elections, party-less though, in 1985. The PPP, the biggest political party of the country, boycotted the elections. Zia called in Junejo and told him that he had been nominated as the prime minister. The humble Junejo asked Zia when he was going to lift martial law. Next polls were held in 1988. The

It is being said that the government has given some names of PPP leaders who would be kept out of the government in case a coalition is formed between PPP and PML(Q). The list includes the name, it is said, of Benazir's husband Asif Ali Zardari who is now in jail. The sources also said that Benazir would not be allowed to return to Pakistan even if the PPP and the PML(Q) form a coalition government for which the name of Makhdoom Amin Fahim

LETTER FROM KARACHI

Like war, politics has dynamics of its own. Old adversaries become new friends. The law that Musharrarf has made for the country is being looked upon with some sort of suspicion by politicians. After all, one never knows who will do what to whom and when and how! Notwithstanding the constitutional amendments and the Legal Framework Order, one thing is certain: Pakistanis are going to have an exciting time ahead!

parliamentary groups which will create a permanent instability.

Though there have been reports of several deaths (less than ten according to one estimate) in various parts of the country, the polling has been as peaceful as in the past. The people generally displayed a remarkable level of maturity.

Though final figures will emerge only after the Election Commission announces the results officially, the newspapers are daily giving unofficial figures of votes polled by different candidates and the accounts of winners and losers. The turnout seems to have been lower even than even in the 1977 elections, i.e. in the region of thirty per cent. There are 72 million voters of whom about 54 per cent are male and the rest female. Pakistan's population is now estimated to be about 146 million, the sex-wise figures being male 52 per cent and the rest

past. Field Martial Ayub Khan, ruled Pakistan from October 1958 to March 1969. He held elections in 1965, based on his own brand of basic democracy: a total of 80,000 basic democrats had to vote in the President of the country. The combined opposition parties put up Miss Fatima Jinnah, sister of Mr Jinnah, the founder of the country. East Pakistan, Karachi and some pockets in Punjab and NWFP voted for Miss Jinnah. Next elections were held by General Yahya Khan who had succeeded Ayub as the President. Sheikh Mujibur Rahman and Zulfikar Ali Bhutto won the polls but ultimately the country lost its eastern wing.

In early 1977 elections were held by Mr. Bhutto. A storm kicked up after the elections were managed. The political parties appealed to Zia to postpone elections. Elections, if

PPP was going to sweep the elections. To ward that off, an alliance of the rightist parties was cobbled together by ISI. Apparently, the powers that be did not want the PPP to get away with a big majority; the history thereafter is too recent to be recounted in detail. Nawaz Sharif and Benazir Bhutto were prime ministers twice each and finally one was toppled by a coup d'etat by General Pervez Musharrarf.

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has been suggested as the prime minister.

In return, PPP will have to support Chaudhri Pervez Elahi as the chief minister of Punjab. Actually, the sources said, the government is asking the PPP to form a coalition government as the stunning victory of the MMA has shattered all plans of the government; it was left with no choice but to seek a coalition of PPP and PML(Q). Both are moderate forces and a government formed by these two would be acceptable outside the country, especially in the USA and its allies. These sources also say that before Amin Fahim had gone to London for meeting Benazir, he had secret meetings with concerned military leaders in Islamabad.

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OPINION

Inevitability of tax vs awareness of it

MUNIRUS SALEHEEN

IT was perhaps the famous US statesman Franklin Roosevelt who said that there are two inevitable phenomena in human life: one is death and the other is tax. From time immemorial tax has played a very significant role in our socio-economic life. We pay tax whether we know it or not.

In a developing country like ours people seem to prefer paying taxes unknowingly i.e. indirectly to paying knowingly i.e. directly. That is what accounts for the amount of indirect taxes being bigger than that of direct taxes. That we prefer to pay indirectly can be demonstrated by an example: cigarette is one of the highest yielding items which also attracts the highest slab of consumption taxes. For a pack of cigarette of 20 sticks costing 38.00 taka, a consumer pays 24.70 taka as value-added tax and supplementary duty and the rest of the cost (13.30) goes to the manufacturer's and vendor's account. So, for each stick of cigarette a consumer pays 1.235 taka as taxes and if a smoker makes 15 puffs for a stick, then the tax paid per puff is more than eight poisha! Contributing eight poisha (.08 BDT) to the government exchequer with a single puff of cigarette is no joke. And he/she does so without being aware of his/her contribution.

On the other hand, in all the developed countries the amount of direct taxes outweighs indirect taxes. In other words, the amount of indirect taxes can be said to be inversely proportionate to the devel-

opment index of a country.

Keeping the reality in view that we pay, and have to pay, taxes, the need for mass awareness about them cannot be overemphasized [Those who subscribe to the Hirakrajokian idea - 'tara joto beshi jane, tato kom mane'(the more they know, the less they obey) - may not agree with me]. People need to know that they pay tax and they will have to pay; so, they need to know why they pay taxes. Voluntary compliance with tax requirement would be much better than involuntary one.

Because of involuntary payment of tax, or, in other words, in the absence of awareness about taxes, a lion share of it goes down the drain: some portion of it is eaten up by the unscrupulous collectors i.e. the businesses that are entrusted with the responsibility of collecting it from the consumers in course of selling their goods or services and another share is believed to go to the pockets of the taxmen who are there to ensure the proper collection of taxes. (Taxmen are no longer called collectors; they are commissioners-they ask collectors i.e. the businesses to make taxes for you)

There is no denying the fact that a country in today's globalised world cannot develop without adequate internal resources. And collecting reasonable amount of revenue from its beneficiaries i.e. the people is a proven means of generating internal resources (does it sound rhetorical? even if it does, it is true). A conscious citizen may rightfully ask: why should I pay tax? you have used the

word 'beneficiary'- is the benefit I am getting from the state worth the amount of tax I pay? This is obviously a rhetorical question. However, on the other hand, the state would say that the resources it is getting from its populace are too scarce to ensure the meeting of popular demands: demand for basic needs, demand for social security, demand for infrastructure, etc. Now the question arises, which comes first- paying taxes and getting the return, or the other way round? This again may leave you in the riddled about which first -- the hen or the egg.

But the fact remains that you need to know what you do, why you do, what you need to do and what you ought to do.

And as far as tax matters are concerned, we can call this dissemination of knowledge and information by way of laying the foundation stone for 'a tax culture'. A country wide campaign should be started immediately in order for people to know about taxes- both direct and indirect- along with their rights and responsibilities concerning.

The ministry of finance can initiate a tax week or tax fortnight or a month during which effective measures for disseminating tax knowledge can be undertaken. This will hopefully be a good starting point towards building a healthy tax culture in our country.

The writer is an official in the Department of Customs, Excise and VAT.