

# Alternative Economists Challenge G7 Orthodoxy

by Gillian Forrester

*Being welcomed into the western capitalist order was hailed as a great achievement for the Soviet Union at the recent G7 Economic Summit in London. At "The Other Economic Summit", however, which was held alongside the G7 meeting but without all the fanfare, discussion centred on why the world economy is becoming increasingly unaccountable to the people it most affects, and what can be done to change that.*

## US Bases in the Philippines

The United States is yet to cross one more hurdle in order to obtain the agreement of the Philippines to maintain its base at Subic Bay. It is the approval of the country's Senate of the accord already reached between Manila and Washington. Under this accord, Americans would give up Clark Air Base which had been badly damaged by recent eruptions of Mount Pinatubo, in September next year but keep Subic Naval Base for another ten years for an annual fee of \$203 million.

The passage of the agreement through the 24-member Senate is unlikely to be smooth. The approval requires a two-third majority, but as many as 16 members of the Upper House have already complained that the compensation figure is too low and the time for extension too long. In other words, the opposition of these 16 members hardly seems to be based on any principle, in contrast to the nationalist outcry against the continuance of the US bases heard throughout the archipelago at the start of the long drawn-out negotiation.

What happens if the Senate turns down the agreement is a difficult question to answer. According to official sources, the rejection of the accord by the Senate would mean the withdrawal of the US forces from both Clark Airfield and Subic Naval Base by September next year. Taking into consideration the close political, economic and strategic relationship that exists between Washington and Manila, it seems highly unlikely that the accord will fall through. Here, a bit of pressure — some would call it arm-twisting — from the United States cannot also be ruled out. In fact, a radical paper, Malaya has just quoted a US high official as saying that the withdrawal would certainly have some effect, adding, "There are things that we do not have to do to help the Philippines."

Against this background, it seems reasonable to assume that after a bit of bargaining on the size of the compensation to be paid by Washington, the accord will pass the last hurdle.

Two broad questions still remain: How important is it for the United States to maintain military bases in the Philippines? Secondly, having scaled down the size of its presence in the archipelago—the closure of the Clark Base being the case in point—will Washington now look for additional facilities somewhere else in the region?

It seems that despite what is often described as the end of cold war between the two superpowers, the consensus among Southeast Asian countries remains in favour of a continued US military presence in the region. These countries may no longer be concerned about a military misadventure by the Soviet Union as much, but they would still need — or so they think — some kind of an umbrella as a boost for their confidence, if not to avoid excessive increases in their own defence budgets. Meanwhile, there is a clear invitation from Singapore offering some limited facilities to the US forces. But it is an invitation that some of the island republic's neighbours, especially Malaysia, are not particularly pleased about.

While members of the Association of South East Asian Nations (ASEAN) should know what exactly serves their security best, it is important for the grouping to carry out some long-range planning about their future defence needs. Notwithstanding present realities, we remain in favour of progressive reduction in defence expenditures by all nations and the diversion of the funds saved to economic development. In the process, there should be some rethinking even about the presence of foreign bases in the region, whose removal would help to stimulate a peaceful climate. This should be our agenda for tomorrow.

## What Portent a Peeled Off Tree?

'S. Koreans peel skins of pine trees for food needs.' It is impossible to resist reading on after that kind of a three-column-spread headline. Under the cover of a much touted economic miracle, do the peasantry in South Korea still need to trek to the mountains to skin off the pines and fill the stomach?

No, that was the story of South Korea in 1961, when the South Koreans' per capita income was \$82 and the nation's GNP stood at \$ 2.1 billion. Today her GNP has multiplied a hundred times over to \$210 billion and per capita income has also risen 57 times to \$ 4,968. It was South Korea's success story that The Daily Star published on Saturday with a very attractive lead off.

We in Bangladesh also peel off some of our trees. The wonderful raintrees lining the whole of the famous Jessore Road were systematically peeled — so that the trees start dying and lumberjack can step in — rightfully or otherwise.

There is another kind of tree peeling one comes across on the way to the Sabhar satellite town. Somewhere between Hemayetpur and the Sabhar Thana Road a very long avenue of trees starts — very evidently raised with a plan. All of them are of the same species and all of them, without an exception, have peeled off trunks. Why? Is it the same Jessore game at work here? But these trees seem to survive such peeling. It is a very plausible hypothesis for the tree which happens to be one of our most famous trees having the broadest spectrum of medicinal uses, namely Arjun, and people in the subcontinent have for ages peeled its skin off and used it in ailments connected with heart conditions and hypertension.

The sight of these peeled off Arjuns prompts an inescapable question. Who are the people that do the peeling? Common people? No, there is an intelligent guess that these are collectors who sell these to Ayurvedic firms or are their agents. Ayurvedic or herbal medicine has a big market. Why then shouldn't the ayurvedic business have their own specialised gardens raising all their necessary plants under their expert care? Why should they depend almost wholly on collection which poses a real threat to exhaust supplies of certain species to the point of pushing them into extinction? We very much want them to have extensive gardens featuring hundreds of herbal creepers and shrubs and other plants and trees.

And by the way how we wish peeled off trees to be portentous of an economic boom like they had in South Korea.

While Mikhail Gorbachev was negotiating to enter a "special relationship" with the major powers of the world economy, known as the Group of Seven (G7), at their recent summit in London, people across the street were discussing the destructiveness of the current world economic order and the need for it to change.

The Other Economic Summit (TOES) did not receive feverish media attention as did the seven world leaders. It has been held quietly alongside the G7 Economic Summit each year since 1984, as a forum for spokespeople from countries not as rich as the G7 members — the United States, Great Britain, Italy, Japan, Canada, Germany or France.

These seven countries control the flow of most of the world's wealth, much of it through the International Monetary Fund (IMF) and the World Bank who specialise in aid programmes for developing nations. A big achievement of the recent conference was that the G7 agreed to grant the Soviet Union a "special relationship" with both those agencies to help President Gorbachev reform his economy.

The forum across the street, meanwhile, discussed how destruction of rain forests, poverty, homelessness and starvation in developing countries are related to the enormous amounts of money they owe to wealthy countries, private banks, the IMF and the World Bank.

Unemployment and environmental destruction in industrial nations will also persist as long as the current economic power structure is in place, said Susan George, an author and international economist who spoke at TOES.

from two men in particular: Davison L. Budhoo from Grenada, who is a former senior economist with the IMF and the World Bank, and American David Korten, president of the People-Centred Development Forum based in Manila.

Both men say the fundamental problem is that international controllers of money are not accountable to the people affected most by the decisions they make.

Budhoo resigned from his position with the IMF three years ago, giving his reasons for leaving in a 235-page book entitled "Enough is Enough.... Open Letter of Resignation to the Managing Director of the IMF". Backed by church, trade unions and international human rights groups, Budhoo has launched a world-wide campaign to reform the IMF.

He has put forward suggestions for 13 reforms which could be implemented in only six months, he says. They make use of the checks and balances against abuses of power that were envisioned when the IMF was created, but which are not being put to use.

Budhoo believes developing countries should be allowed greater input into aid programmes created to help them because

often they do not agree with conditions of the agreements. Frequently a country feels the needs of its people have been wrongly assessed by world leaders, but as it is, they have no means of recourse. A body for conflict resolution was planned for the IMF but is not in use.

He also advocates creating a watchdog committee to help Third World countries express their ideas effectively when negotiating with sophisticated industrial powers.

A council made up of people like lawyers, priests and teachers to represent people affected by aid programmes is another of his proposals. Such a council was envisioned 50 years ago to check the power of the board of directors, but does not exist now.

Budhoo is also calling on the IMF to answer charges of statistical fraud. This issue was one of the reasons he resigned. The IMF, he says will "change statistics to shove a programme down a country's throat." As a result of information which Budhoo brought to light, the parliament of Trinidad and Tobago in January 1989 charged the IMF with

"gross negligence" and "serious misrepresentation of facts" which cut that country off from foreign funds from 1983 to 1987.

Another of his proposals is to reorganise the IMF in order that it be more responsive to local needs.

Budhoo, being from a developing nation is looking for immediate, concrete changes. David Korten, in contrast, has analysed the nature of the system and why it is so destructive.

He says even though G7 countries are now putting pressure on aid-receiving countries to become democratic and to respect human rights, international monetary institutions care only about those countries' ability to repay their loans. This is one reason countries like Brazil or Indonesia give low priority to feeding their own people and instead produce timber or beef that can be sold on the international market to help pay the debt.

Corporations are increasingly spreading out across the globe with the operation, the owners, the investors and the consumers each in a different place. Money, he says, has no one to be responsible to, no home.

Says Korten: "Nobody except the poor have any interest in changing the system. The rich are gaining from it and they like it that way. Environmental destruction is the only limit on the whole process."

Budhoo's organisation is called the Bretton Woods Reform Organisation and is based in Grenada. The Bretton Woods agreement marked the establishment of a system of fixed exchange rates following World War II and made the US dollar the primary unit of international exchange. His book is now available in German. There has been some speculation that Budhoo's life may be in danger because of his damaging accusations of the IMF.

— GEMINI NEWS

Gillian Forrester, a graduate of the University of Regina's School of Journalism and Communications in Canada, is working for Gemini on a Fellowship.



The economic shuffle

Specific criticisms and suggestions to improve the current economic order came

## GOVERNMENT

is composed of two basic components — structure and process. These two components are intertwined as one functionally influences the other. Structure of the government implies goal determination, identification of change areas, roles of governmental actors at the individual and corporate level, inter-agency linkage, policy intervention and innovation of new goal implementation devices. These cover more or less the exogenous factors. Process refers to the management software, leadership style, communication pattern, bridging or coupling strategies and creation of organizational climate and culture to facilitate goal achievement process. In other words, process dimension encompasses all the psycho-social aspects that influence functioning of the public management system.

Structure is a basic ingredient of 'Structural Adjustment' concept jointly developed by the World Bank (WB) and International Monetary Fund (IMF). Adjustment is the process of removing or reducing the discrepancies that are detected in the goal implementation process. Structural Adjustment (SA) takes care of the structural deficiencies and policy inadequacies that impact the performance of the economy as well as its management system. It is not a process of totally dismantling the existing or ongoing system; it rather seeks to initiate feasible changes that facilitate improvement of existing capacity of the public management system.

The principal objective of SA is to enable the government to maintain dynamic equilibrium in the economy and its macro management system. The question of SA arises when the existing structure of an economy proves inadequate in responding to developmental needs and incapable of adapting to changes occurring in the external environment. Let us look at SA mainly from the view point of public administration.

Education, health, civil service, land, trade and industry, rural development and credit institutional network—all these areas fall within the purview of structural adjustment. Deregulation, reorganization, decentralisation, disinvestment, denationalisation and de-bureaucratization are all various components of Structural Adjustment Programme (SAP). The instruments by which the areas of adjustment are identified are role analysis, policy analysis, organisational diagnosis, formative and terminal programme evaluation.

Development process is always dynamic as needs of the people are changing; unique management problems are emerging; and new ideas are germinating. Adjustments in the economy and public management system in the form of various reforms are

## Structural Adjustment: An Overview

by Syed Naquib Muslim

therefore needed to meet the deficiencies of the existing framework. Developing countries are often plagued by economic ailments like domestic inflation, recession, exchange rate fluctuation, low GNP, high unemployment. Added to these are management maladies like administrative inefficiency and incapacity, waste of resources and interagency malcoordination.

project is often the reflection of policy change itself. As of June 30, 1987, the Bank has committed Bangladesh 182.56 million dollars as SALF so that it can finance SAPs in order to improve her level of productivity, civil service efficiency and financial viability of public sector investments. SAP in Bangladesh has two main components—first is economic reforms aimed at enhancing investment capability and improving payment imbalance; and second, administrative reforms aimed at improving public management system. According to WB, Bangladesh continued to face a number of deep-rooted structural problems that required sustained reform efforts. After 1975, Bangladesh initiated major reforms by way of adjusting its economic and politico-administrative structure. Since 1977, it has disinvested a number of public sector industrial units, denationalised a

good number of financial institutions and has facilitated emergence of many private sector banking and insurance companies. In order to ensure people-centred local-level development and rationalise age-old public management structure, administrative decentralisation and reorganization programmes respectively have been launched. Land Reforms aimed at agrarian welfare are also a major component of SAP

in Bangladesh. The old industrial policy is going to be recast in order to encourage growth of the private sector, to create a favourable climate for foreign investment and to ensure optimal utilisation of available industrial capacity and potentials. A more liberal industrial policy is in the offing. Import Policy in each fiscal year is being liberalised to help growth of import substituting and export-oriented industrial units. However, positive trends are visible more in the economic sector than in the public management area.

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tion. For a low-income country like Bangladesh SAP is a costly venture. With trade deficit and payment gap, it can ill-afford to meet the cost of a SAP.

The World Bank has been generous enough in extending structural adjustment loan facility (SALF) to the developing countries including Bangladesh to enable them to implement SAPs since 1979. The lending of the Bank is complemented by concessional financial assistance from IMF. On being financed by these agencies the poor countries faced with response incapability go for policy modifications without revising their original developmental goals. Previously WB and IMF used to lend the developing member-countries to enable them to finance development programmes/projects. Now lending for SA is an 'extension' of programme lending since a programme or

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The following morning in the early hours, the village was surprised by hundreds of soldiers attacking with live ammunition, shooting in all directions, without any provocation. When the people heard heavy shooting, the Palestinian youths started running to nearby mountains, without realizing that soldiers were there to snipe at them. At least 20 youths were hit by live ammunition. Those who were not hit returned to the village, and encountered the army. Advancing troops opened fire when they reached the house of a Hasan Najjari. They fired over 50 rounds through the windows of the house. They shot anything that moved, including dogs, sheep, donkeys, and rabbits. When they reached the inhabited area, the Israeli border guards started gathering people from their houses, beating youths in front of their parents and small children. Some were shot inside their houses. During the house raids, other soldiers smashed cars with stones and fired shots through the windshields.

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## OPINION

### Palestine: The Struggle for Independence

Tanweer Akram

The Palestinian struggle for independence, the *intifada*, is now three years old. In spite of rising casualties, the Palestinian struggle for national independence still rages vigorously. The *intifada* is the response of the victims of dispossession and occupation. The struggle of the Palestinians deeply convey their achievement in challenging Israeli occupation and creating a Palestinian version of faith in the midst of destruction and ruthlessness.

According to Middle East sources, the number of deaths due to Israeli repression since the beginning of the *intifada* has been increasing. The pro-Israeli media has stopped counting the number of Palestinian victims. One of the worst incidents of Palestinian suffering occurred at Nahalin, a village 13 km southwest of Bethlehem, the holy city.

Like other Palestinian villages, residents of Nahalin have always taken a strong stand against the occupation. From the beginning of the *intifada*, Palestinian flags, nationalist graffiti, and regular demonstration proclaimed their determination to resist occupation. Throughout the *intifada*, all services to the village were stopped and the army blocked roads several times. The Israeli Jewish settlers in the region would often uproot trees and damage crops, under the eye of the border guards. Several times, the village was placed under curfew.

Throughout the months prior to the attack, border guards tried to enter the village; they were always repelled by the villagers. In a week before the attack, the villagers reported that Israeli border guards continually harassed the people by using loudspeakers to broadcast threats to sexually violate the women. Before the massacre,

Naim, 30, confiscated his identity card and threw him out of the house. They went up to the roof, from where they could see the area and from this vantage point they opened fire, taking aim and killing five people: Faud Najjari, 15; Hasan Shakrane, 23; Shibi Shakrane, 25; Riyad Ali Ghalada, 26; and Walid Abdallah Najjari, 23. Villagers described this particular attack as worse than anything they had experienced throughout the occupation.

This was not the first time the village was under attack from the Israelis; thirty-five years ago, in 1954, even before the Zionist occupation of the West Bank, Nahalin was the scene of another massacre perpetrated by the Israelis against the Palestinians. In March 1954, a force of 300 Israeli soldiers crossed the armistice line and surrounded the village while some soldiers fired and tossed hand grenades at the people sleeping in their homes. As a result, eight people were killed and 14 were wounded. In addition, three Jordanian soldiers died and five were wounded when a mine, planted by the invading Israeli forces, exploded under their vehicle as they sped toward the village.

The deaths and injuries at Nahalin show a pattern of arbitrary and sadistic brutality that has no connection with self-protection of the occupy Israeli army. The resistance of the Palestinian villagers demonstrates how they have climbed the wall of fear in spite of the cruelty of the well-equipped occupying army. The Nahalin massacre followed by others till date, reveal the urgency in the need for international involvement to bring peace in Palestine. Israel's organized terror and violation of human rights demand the exertion of pressure upon Israel to stop the massacre of Palestinians.

The heavy shooting continued, and many people were severely injured. The Israeli border guards lifted Jamil Najjari, a 14 year old crippled youth, from his chair and threw him on the ground. He can no longer move his hands and fingers, which he needs to move his wheel chair.

## 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.

### Queries on BEPZA

Sir, Reference this article on BEPZA (Star, July 22), several considerations come to mind:

Are there sufficient government and other co-ordinating offices located within the EPZ for solving the majority of the problems on the spot, instead of writing or flying to Dhaka? In fact, there should be a one-stop service/co-ordination centre, fitted with fax, TP and hot lines (connected to the ministries in Dhaka); and manned by senior officers with sufficient powers.

To improve the image abroad for the potential investors it is necessary to know about the discipline of the labour force, and the behavior pattern of the labour unions (if any existing there). As a regular traveller abroad, the one question I had to grapple with frequently is: who wants to invest or come in with the spectre of strikes every month? Unfortunately, Bangladesh has built up a solid and unenviable reputation as a land of not only floods and natural calamities, but of strikes, processions, protest marches, hartals, lock-outs, disruption of daily normal activities, etc. on the flimsiest pretexts. Many would not like to invest here — they should be told in very clear language why they should. It is not that easy.

"mosques" are adorning and glorifying our great Islamic culture and heritage, then this would be of great educational value and pride for our future generations.

May I, therefore, draw the kind attention of both the Ministry of Religious Affairs as well as the Information Ministry to motivate our Television to "dub" in Bengali the above informations in such programmes. I am sure this action will enhance our Islamic heritage and knowledge among 90% of our rural brothers.

G M M E Karim  
A former Chief of Field Publicity, Division.

### Faridabad-Gandaria roads

Sir, Faridabad-Gandaria is a well-known area in the old part of the city. About 4/5 lac people live in this big locality. But most of the thoroughfares here are in a bad shape. The portion of the road between Sutrapur and Postagola is in a battered condition with so many ditches developed here and there. Rain water accumulate in the ditches on the road to the extreme inconvenience of the passersby.

The authority concerned is, therefore, requested to take necessary measures, to repair the road between Sutrapur and Postagola and parts of the road in Gandaria, Milbarack, Faridabad, I.G. Gate, Karimullahbag and that runs up and down the Loharpool at the earliest.

Mahbubuddin Chowdhury  
Faridabad, Dhaka-1204.

### Mosques on TV

Sir, On our TV, specially before 'Azan', verses from the Holy Quran are read out and meaning of the verses are translated in Bengali. During this display a series of pictures of some famous/picturesque mosques in the Islamic world is also shown.

What I wonder why our TV programme producers supposedly have taken for granted that the viewers have gone round the world and seen these hundreds of "Mosques" of spectacular and architectural beauty! If we could proudly tell through TV to our children and grand children about the importances and glory of the history of Islam, its cultural and architectural achievement, and about the location of cities in the Islamic and non-Islamic countries of the world where these