

## Palestine and Madrid

For the first time ever since the creation of the Jewish state in 1947, Israeli leaders will today face representatives of the Palestinian people across a negotiating table. The significance of the meeting can hardly be overestimated in view of the fact that, by agreeing to sit to talk in Madrid, both the Israelis and the Palestinians have implicitly accepted each other's existence as distinct national entities. The Palestinians, many of whom lost their homes to Israeli aggression in 1948 and again in 1967, accepted Israel's right to live within secure borders back in 1988, but a reciprocal acceptance of Palestinians' right to statehood had not been forthcoming from Tel Aviv. But by agreeing to talk to representatives appointed by the Palestine Liberation Organisation (PLO), the Israelis have at least admitted that the Palestinian issue is not just a "refugee problem", as former Israeli premier Golda Meir was so fond of saying.

The issue at Madrid now is explicit recognition of each other's national rights, implementation of United Nations Security Council resolutions 242 and 267 which called on Israel to vacate territories conquered in the 1967 war, and signing of an overall peace treaty between Israel and its Arab neighbours. The latter one is, of course, the ultimate and most important goal, but that cannot be achieved without the former two. The scenario is now set for real bargaining to begin.

With the Palestinians having already made all the concessions required of them (short of committing mass suicide), the focus in Madrid will naturally be on whether Israel can break out of its siege mentality and accept a Palestine state on its door steps. To do that, it would also have to forego its quibbling claim, steeped in theology and ancient history, to the West Bank. This is likely to prove the toughest barrier to demolish, but it is one wall — perhaps the only wall — that has to be breached if the Madrid conference is going to have a meaningful outcome.

The fact that the PLO chose its delegation with extreme caution, even to the point of taking into account Israeli objections, proved its sincerity in keeping the process alive. But from the Israeli side, composition of its delegation, to be led by Prime Minister Yitzhak Shamir himself and made up of mostly extremists, means that they are in Madrid with a loaded gun, not a bouquet of flowers.

But the world must not jettison its worn-out policy of perennially placating Israel. If the United States is truly sincere about peace in the region, then it must deploy all the leverages it has — and it has quite a few — in order to persuade Israeli hardliners to give up their imperialistic ambitions and accept the idea of trading occupied land, all of it, for a lasting peace. Israel, as the region's foremost industrial and technological power with a strong trait of internal democracy, has a lot to offer the Arab world. And it can gain immensely — both economically and politically — from peace and cooperation with its Arab neighbours. But none of that will materialise so long as Palestinians are deprived of their inalienable right to statehood on the land of their birth. Israel may find offering half or quarter of a loaf i.e. limited autonomy to the West Bank, as an easy way out at Madrid, and the Palestinians may find themselves under pressure to accept such humiliation once again lest even that little gain slips away. But the Arab world must ensure that no general peace treaty or even a bilateral one between Tel Aviv and Damascus, is agreed upon unless full independence for a Palestinian West Bank is also accepted by Israel.

## We Protest

Trains could not move throughout the country on Tuesday. Practically no vehicles could ply on the national highways from dawn to dusk that day. Two unions, one representing the jute workers and the other, workers of the nationalised textile mills, in an impressive show carried out their threatened protest against the failure of their talks with the government on their two separate charters of demands. They can congratulate themselves and their supporters on their formidable show of strength. And they can rest assured that the nation at large would not join them in their satisfaction over their successful demonstration.

If the suffering majority has no way but to be a silent one also, we on their behalf want to denounce Tuesday's action in the hope that organisations and parties and agencies — howsoever popular and representative — would start to realise that they cannot mount actions that may dislocate national utilities, unless some truly national issues were at stake. We have seen the power and effectiveness of the nation stopping all economic and social activities to press home truly nation-sized demands — and we are a proud inheritor of that glorious legacy right from the British colonial days to what brought about the victory of December 6, 1990. Without going into the merit of all of the demands contained in those charters, we are in full sympathy with them — almost as a matter of principle. And, after binding ourselves to all that, we denounce the stoppage of national movement on Tuesday to press home demands that fall far short of becoming national — the involvement of the huge number of workers in those two gigantic sectors notwithstanding.

We do not make a pick of this particular action for our protest against a very ill-advised and totally wrong way of pressing sectarian demands, we want to record our strong disapproval of a whole claim of such actions. Transport workers, have a tradition of stopping national movement using this as a lever for realising certain points that sometimes are so narrow as even to be esoteric. There should be certain national interests that must by agreement of all be inviolate to sectarian action — however pressing may be the need for extreme action be. Movement and water drainage and power, postal and electronic links must remain far above contentious action.

The jute and textile workers' action had a painful and yet funny side to it. The workers in their rejection of the government posture in the matter of their demands, did not stop their mills. They stopped the trains and buses — and the railway and transport workers have not yet been heard to have sympathised with the demands of the former or to have supported their action. The unions, because most of the times they fight for just causes of a great number, should have the more reason to take care that their fight is not spoilt and lost due to flimsy and shortsighted action based more on organisational rather than moral force.

## Glimpses of the 1991 Annual Meetings

by M. Sayeduzzaman  
Star Guest Columnist

THE recently concluded Annual Meetings of the World Bank and the IMF Governors in Bangkok were unique in more than one way. It took place in the heart of the fastest growing developing economy in the world today at a time of declining global growth rates. The Asian Experience was at the tip of every participant's tongue. The Meetings were long on policy analysis and prescriptions and short on financial decisions, celebrating the demise of communism. The all powerful G-7 ministers were more preoccupied with issues outside the mainstream of the meetings. The USSR preempted the bulk of their time and they spent more of their time in separate closed-door meetings than in the Plenary sessions or in its two Committees (the Interim Committee and the Development Committee). The Bank had a new President attending the Annual Meetings for the first time. And for the first time in nearly forty five years the World Bank appeared on the way to being a really universal Bank. Albania and Mongolia became full members and candidatures were announced of others in the queue — USSR, Estonia, Latvia, Lithuania, Switzerland, Marshall Islands and the federated states of Micronesia.

The tenor of the meeting was well reflected in the opening statement of the World Bank President: "The most dramatic difference from 10 years ago, of course, is the relaxation of superpower tension. ... Equally fundamental is the broad convergence of development thinking which has replaced ideological conflict. The role of Government is being reconsidered throughout the world, and the potential of the private sector increasingly appreciated. Peoples and Governments are recognizing that it is their countries' policy framework and governance which will largely determine their future prosperity."

**World Economic Issues**  
It was revealed that 1991 would record the lowest

growth of the global economy since 1982 — less than one per cent. Per capita income of the developing countries as a whole declined in 1990, and further decline is inevitable in 1991. In the midst of this gloomy picture there was a general euphoria in the meetings about the end of the cold war and the demise of the era of central planning. Everyone was euphoric that the end of East-West confrontation provided a unique opportunity to the world to address the twin problems of world poverty and environmental degradation. The developing countries, particularly the low income countries, however, pointed out that their economies faced adverse prospects because of deterioration of the external environment (shortage of capital, uncertain interest and exchange rates, stalling of trade talks and growing protectionism) at a time when they were undertaking strong adjustment measures and were liberalising their economies.

The meetings appeared to reach general agreement on broad priorities for the 1990s identified as — achievement of sustainable economic growth and development, poverty reduction, and protection of the environment.

Other issues on which there was "wide support" may be enumerated as — striking a new balance between the public and private sectors, need to reduce unproductive use of resources such as excessive military expenditure, and the importance of good governance. It was obvious that extreme positions on the role of the public and private sectors were moderated by the Asian experience.

One important issue highlighted in the meetings was the shortage of global capital and the need for raising global savings for meeting the additional claims on global resources on account of the unification in Germany, the economic transformation of Eastern Europe, the prospects for reforms in the USSR and reconstruction of the Middle

East. All available data indicate that the supply-demand balance in international capital flows is becoming tighter and the participants stressed the need to enhance savings around the world. The major industrial countries were urged to cut down their deficits, and views were widespread that all countries in the world need to hold down non-productive public expenditure especially excessive military expenditure. The US Governor, however, did not come out on this issue in the meetings. The Managing Director of the IMF was particularly emphatic on this. Some developing countries, including two major countries in South Asia were none too happy at this stance of the Fund. But the Managing Director made no secret that such expenditure has important economic and financial effects and was clearly relevant to the work of the IMF. The Nordic countries highlighted a proposal to establish a register of conventional arms transfers under the auspices of the United Nations, and further added that "the requirements of transparency and accountability must also apply to the suppliers of external resources, including the private sector and the NGOs." Drawing attention to the average level of 5% on defence spending, Belgium suggested that countries which spend less than 2% of their GDP on military expenditure should receive 'special aid treatment' similar to suggestions made by Japan some time earlier. One may note that roughly at the same time the UK and Canada made clear in Harare that they would increasingly link aid to human rights.

The developing countries will have less, however, to celebrate. It was made quite clear in the speeches of donor country Governors and in the statements of the Bank President and Fund MD that countries will have to depend

more and more on their internal policies and resources for development. Again, to quote the Bank President: "External conditions are a factor, of course. But the quality of domestic institutions and policies determines how well countries adjust to external shocks and exploit economic opportunities. This realization is perhaps the most important building block for the future."

## USSR, Long on Talks, Short of Cash

The G-7 ministers were deeply absorbed in issues relating to the problems and challenges facing the USSR, now an Associate Member of the IMF. Grigory Yavlinsky, the Soviet economist who led the USSR delegation to the meetings attracted considerable attention. The Soviet team ran into hard negotiations — and the G-7 in their prolonged meetings with the delegation made it quite clear that what the Soviet Union needs is hard measures. There was no immediate commitment of aid, and the G-7 agreed to send a team to Moscow within the next few weeks to review the economic reform measures being put in place by the USSR. Yavlinsky foresaw a liquidity problem but hoped that his country would be able to overcome the potential problem with G-7 help. Mention was made of the USSR facing a financing gap of \$ 7b in the last four months of 1991, and it was reported by sections of the press that the G-7 had made a secret contingency plan to bail out the USSR in the event of a payments crisis. Japan offered \$ 500m from the Ex-Import Bank for food and medicine as "humanitarian assistance". Germany suggested a "whole spectrum of advisory services" by the World Bank/IMF, describing the USSR as a favoured target for direct foreign private investment.

Norman Lamont, the UK Chancellor of the Exchequer,

made most use of the Annual Meetings forum to wax eloquent on the situation in the USSR, saying "The collapse of the World's oldest centrally planned economy is perhaps the most important economic development of our lifetime."

And it has brought into focus one of the key themes of these meetings over the last decade — the failure of central planning and state socialism. His response to the apprehension expressed by some developing countries that global resources might be disproportionately pre-empted by the USSR was most interesting. To quote: "Help for the Soviet Union is not at the expense of anyone — the whole world will benefit from the integration of a democratic Soviet Union into the world economy. Successful reform will provide a vast market for goods, an enormous increase in trading opportunities, a real stimulus to world growth. And, the reduction in military spending now in prospect will not only make the world a safer place to do business in, it will also allow resources, across the world, to be released for more productive use. Reform in the Soviet Union is not a parochial concern of Europe or the West. It is an unmitigated good for the entire world." Some concern was generated in the midst of the meetings by the declared intention of the National Bank of Ukraine that the Republic was interested in following the IMF membership — which would be separate from that sought by the USSR! The amount of time and attention devoted by the G-7 to the case of USSR — a non-member of either the Bank or the Fund, was noted with great interest by most developing member countries. Perhaps in the not too distant future, the USSR is expected to be a member of both the Fund and the Bank. In that context many questions have remained unresolved. What will be the quota of the USSR? Will it be based on its currently uncertain national economic statistics or on the historical data which have

been held suspect by most western Governments and organizations? Never in the history of these two institutions a country which is likely to be a borrower in the near future, became a member with such large economic strength (and consequent voting power). Will these issues be frankly and openly discussed in the executive boards of the two institutions or will decision be taken by the G-7 outside the Boards and imposed on them? The developing member countries as also the smaller industrial countries will be eagerly watching the developments.

It may be recalled that towards the end of the Second World War when the setting of new international institutions were being discussed at Lake Success and at Bretton Woods, USSR actively participated in those deliberations. But USSR ultimately dissociated itself from signing the Articles of Agreement as it was unwilling to undertake the obligations of membership such as full disclosure of national economic data (foreign exchange reserves, budgetary statistics etc.) on a regular basis. Ironically, after fortyfive years the USSR is showing more eagerness to become members of the Fund and the Bank now than newly independent nations in the post colonial period of the fifties and sixties.

(To be Concluded Tomorrow.)

The first time the author attended the Annual Meetings of the World Bank and the IMF was in 1970 in Copenhagen — as Alternate Governor of the IMF. Since then until 1987 when he resigned from the Government, he attended altogether fifteen such meetings either as Governor or Alternate Governor of one of the two Bretton Woods institutions. The Bangkok meeting was his seventeenth, this time as a former Alternate member of the Bank's Executive Board, as was the case in 1990 in Washington D.C.

## Premadasa Still Faces Bitter Criticism

Gamini Navaratne writes from Colombo

An attempt to impeach Sri Lankan President Ranasinghe Premadasa, spearheaded by the opposition and dissident members of his own party, has failed. But Premadasa still faces bitter criticism from his countrymen for having supplied arms to a Tamil group which were later used to kill soldiers from Sri Lanka's own army. That fiasco and the impeachment exercise have left his reputation badly tarnished.

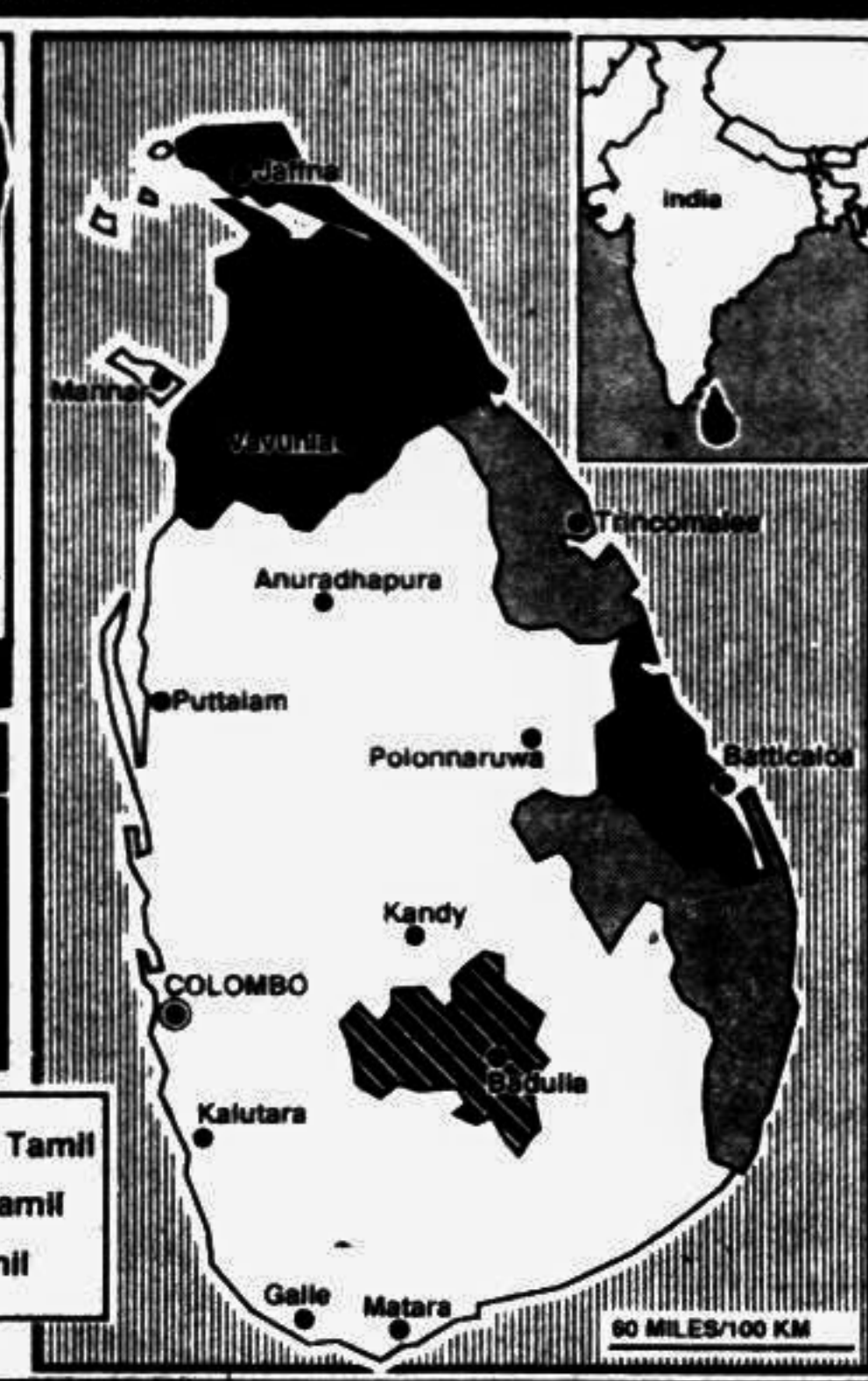
## Shrewd survivor



President R. Premadasa

Total population: 16m  
Sinhala 74.0%  
Sri Lanka Tamil 12.6%  
Indian Tamil 5.6%  
Muslims 7.1%  
Other 0.7%

Over 50% Sri Lankan Tamil  
20-30% Sri Lankan Tamil  
Up to 47% Indian Tamil



Map 2512

gally. They pointed out that some of the original 47 UNP signatories to the motion had since retracted their names on the grounds that they had been "misled".

Trouble has been brewing

within the UNP and the country at large since Premadasa won power in 1988, succeeding his mentor, Junius Jayewardene, now 85, who ruled for the 11 previous years. The prime minister nar-

rowly beat Bandaranaike in an election which the combined opposition says was rigged. Bandaranaike herself has said in a petition to the Supreme Court that the election was neither free nor fair. But after nearly two and a half years, the court has still been unable to conclude its hearings on her petition due to delaying tactics by defence counsel. It is the longest case in Sri Lanka's history.

The UNP dissidents were led by two once-powerful ministers who were contenders for the party's presidential nomination. One was Lalith Athulathudum, who served as minister of national security under Jayewardene but who was demoted to the education portfolio under Premadasa. The other was Gamini Dissanayake, who was once in charge of a major hydro power and irrigation project but was dropped from cabinet two years ago.

Both expected to be appointed prime minister — at least after Premadasa took over — but were bypassed for a less well-known politician, D.B. Wijetunga, who has little popular support.

The first test of the strength of opposing forces in Parliament took place

September 24. A crucial vote to extend the "state of emergency," in existence almost continuously since ethnic violence involving the Sinhalese majority and the Tamil minority began in 1983, passed easily: 131 for, 72 against.

UNP dissidents ensured the motion's passage. The government thus obtained the emergency powers it needed to deploy security forces against the Liberation Tigers of Tamil Eelam (LTTE) who have been waging a ten-year war to win a separate state for the Tamil minority in the island's north-east.

But the proposed impeachment was a different kettle of fish. The main issue was the restoration of parliamentary democracy to replace the executive presidency system introduced by Jayewardene in 1978. Critics say the new system has led to abuses of power by both Jayewardene and Premadasa, leading Sri Lanka down the path to dictatorship.

Much depended on Speaker Mohamed, who had initially "entertained" the opposition motion. Even if he was prevented from placing it one the parliamentary order paper he could still have read it out. Had he done so the names of the

signatories to it would be revealed to the public for the first time, embarrassing many government backbenchers.

One of the other charges levelled against the president, besides abuse of power, is that he consorted with the Tamil Tigers in an attempt to divide rival Tamil factions.

Premadasa consorted with the Tamils, his critics charge, by supplying the LTTE with arms to quell the Tamil National Army, a body set up by the Indian Peace Keeping Force before it withdrew in 1989, its mission of checking Sinhalese-Tamil violence unfulfilled.

After the departure of Indian troops, there was for some time a lull in LTTE activities marked by direct talks aimed at achieving a political solution to the ethnic conflict. But the talks flopped and fighting began again, with the LTTE using government-supplied arms against the government's own troops.

The opposition has exploited this fiasco to the full, much to the embarrassment of Premadasa, making him unpopular with the security forces who have lost hundreds of lives in the renewed fighting and, consequently, among the Sinhalese masses.

While Premadasa seems to have survived the latest challenge to his authority, the arms-sales scandal and the impeachment exercise have left his image badly tarnished.

— GEMINI NEWS

GAMINI NAVARATNE is a Sri Lankan journalist who runs the Sandesh Press Agency in Colombo.

## 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.

## Hooliganism at BUET

Sir, It was quite shocking to go through the news item that the activists belonging to a certain political party from a residential hall of Dhaka University went on rampage on BUET campus on 19th October to protest the arrest of a hoodlum who earlier came to the BUET campus and allegedly tried to extort toll from the contractor supervising construction of a building on BUET campus. Having been refused, the furious activist took away the motorbike of the con-

tractor. The following day the activist again came to the campus presumably with some ulterior motive. As reported, the contractor with the help of his associates caught him and handed him over to the police. On getting information of the arrest of this activist, some activists affiliated to the same party thronged the BUET campus and they did what normally they do — set on fire the vehicles. They were, however, resisted by the employees and workers there from doing further damage. This is one of the many sad

events that occur very often in connection with 'toll' collection. This sort of affairs very clearly expose the real character of the political parties and their activists.

Among the educational institutions of the country BUET alone can very proudly claim to have been a peaceful place with real academic atmosphere. Credit definitely goes to the teacher as well as the student communities on the campus. The annoying and often disgusting political activities are yet to pollute its environment. BUET should become the hunting ground for unruly activities of political activists, is a matter of real anxiety.

In view of the above incident, some questions are raised by common people and guardians: 1) Is it a plan to sow the seeds of unrest among the teachers and students of the BUET? 2) Why the police

fail to assert their protective role towards the citizens at such unlawful situations? 3) Has the authority taken necessary measures to keep the hoodlums away in future from the campus so that guardians can assuredly send their wards to the institution? 4) What role is being played by the concerned Ministries? 5) Why the Ministry of Education is dilly-dallying to resolve the relative issues when educational institutions are being closed down sine die on the pretext of violence by a handful of 'student activists' of the different political parties? 6) Why is the government hesitant to take stern measures against hoodlums/terrorists/hijackers for establishing peace in the educational institutions?

The concerned authorities should clarify the situation to defuse tension of the majority of students and the anxieties of

their guardians and the matter should be raised for discussion in the Parliament for a non-partisan assessment of the situation.

Jerome Sarkar  
Singtola, Dhaka

## Friendship

Sir, Without a few friends in life, how can one expect to live? But it is very much difficult to get good friends. Even those who are blessed with some good friends are always in the risk of losing them, sometimes on ground beyond their comprehension.

Friendship should always be kept free of any self-interest, that is, a friend should not ask his friend to do something for him which is beyond the latter's capacity or willingness. Of course a friend should always come to the help of his friend

at the time of distress. But this help should be accepted by both the sides as long as it remains beyond any confusion or misunderstanding. Misunderstanding is one of the major factors for jeopardizing a good friendship. Friends should always feel free to dissolve misunderstandings through open dialogue.

It is better to avoid financial dealings among friends. Money can never nourish any friendship, rather destroy friends' goodwill. Friendship based on balanced thoughts last, for ever.

To have good friends on earth, one should always consider others as good people; nevertheless if there existed any bad name about them.

In my opinion, a good friend is the best asset for a man on this earth.

M Zahidul Haque  
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