The Daily Star

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## Healing Bosnia's Wound

Bosnia is still burning and bleeding. This is despite the fact that Bosnian Serb leader Radovan Karadzic at last signed the peace plan — albeit conditionally — put forward by the international mediators on Sunday last. Given the obduracy shown by hardline Serbian military leadership in Bosnia-Herzegovina, it is too much to expect that the cauldron will calm down so soon. Only it is the beginning — if anything — of the journey to peace. The exuberance as expressed by Lord Owen, European Community representative and a co-drafter of the peace plan, should better be considered a little too inflated a feeling. Yet when the veteran British politician says, "this is a happy day in the Balkans", it marks a turning point in their long mediation in the most bitter strife on European soil after the World War II.

Cyrus Vance, now a UN envoy and a former US foreign secretary, has betrayed no such feeling and has rightly summed up the position by saying Karadzic's "signature is a commitment". If there are one or two irritants for either party which signed the peace plan, these would be considered stumble-blocks that can be overcome with time. But the fact that the obtaining Serbian mood is opposed to the plan is a cause for concern. Karadzic's main concern is however a different one in that he wants to see the establishment of a territorial link between the Serbian provinces in the east and west of the republic. The internationally-mediated plan, on the other hand, seeks to divide Bosnia-Herzegovina into 10 semi-autonomous regions. The Serbs now controlling 70 per cent of the disputed territory naturally find the solution too hard to swallow.

If the Serbs continue to ignore or disrespect the commitment their leader has made through signing the plan, the onus of any tragic eventuality will have to be borne by them alone. As for the unspecific US measure against the Serbs on non-compliance of the agreement's provisions, the choice will be left open. Clinton administration's resolve to enforce the peace plan will be equally supported by its allies. Not a good prospect for the Serbs who have so long enjoyed the upper hand in a localised war. The threat of a US military strike has forced the Serbian leaders to soften their stand, further defiance of an international consensus will only invite disaster for the Serbs who have been responsible for the worst crimes against humanity.

Considering the merits of the plan, it is still the best possible solution under the circumstances. Programmes like ethnic cleansing are crimes simply mind-boggling in this modern civilization. The Serb and Croats have been a party to this crime. How they will make amend for such ghastly sins should be a point of discussion. There is no point allowing them further concession to enjoy. The Serbs find the agreement unacceptable because they cannot reconcile with the idea that their rivals of other community will take a share of the power which was their absolute preserve. None but they themselves are to blame for this tragic development. They have now reached a point of no return. So it will be advisable to salvage whatever is possible from the ruins.

The autonomous regions do not necessarily leave the option of infringement upon each other's rights nor are they worked out to bar future co-operation between and among the regions. The optimism expressed by one of the mediators that the ethnic communities will once again be able to live peacefully as they did before the war began may indeed come true once the warring parties take a stock of the cost they have paid during the torrid times. History after all has shown human frivolity and impermanence of enmity between states and communities.

## Diseases All Around

Tuesday's national news section of The Daily Star was veritably a disease and epidemic page. The headlines would convince anyone: Hydrophobia kills 15 in Rajshahi, 11 die of dysentery (in Pabna), chicken pox breaks out alarmingly in Moulvibazar. Is it a case of strange coincidence, or is the country indeed very widely diseased, physically?

Why should there be so much hydrophobia cases before the setting of its traditional season — *Bhadra* ? The news report says that on an average there are 200 cases of dog-biting in the Rajshahi district. Before we have done with our bit wondering, dismay takes over when we hear that at present there are no anti-rabies vaccine (ARV) available either in the open market or with the hospitals. The only manufacturers of the vaccine, the Public Health Institute, is itself a diseased set up on the verge of closure. Some courses of vaccine are being imported from India but the quantity cannot meet even partially the district's demand, not to think of how the nation's demand would be met.

One thought that worries about hydrophobia had long been buried thanks to the good work of Louis Pasteur. That it should come back with such virulence to Bangladesh simply baffles our comprehension. We must have a goodly supply of ARV always at hand.

This is incredible that in only two unions of Pabna district 11 persons should die of blood dysentery and, of all things, measles in the short span of a single week. The civil surgeon has said that nine medical teams are working in the unions to contain the toll. The reason of the death surge has been ascribed to shortage of pure drinking water. The myth of tubewells taking care of the population's total need of potable water is taking a beating with every gastroenteric death and we do not hear of a fresh go at strewing Bangladesh with tubewells up to the saturation point. One big problem with the tubewells has been lack of maintenance. This has to be ensured through social initiative for which motivation and leadership are essential.

About 500 people in Sherpur and 200 in Moulvibazar districts have been attacked with chicken pox. There is no curative treatment for the disease available and quacks are making a heyday of the suffering of the people.

The above are only a casual and random glimpse at our health situation. If the government is proving not quite a match to the challenge why is the 'market' approach to medicine and medical practice also failing? Where are the products of six medical colleges going? At the root of it all there seems to be organisational and distributive problems. We are badly in need of people who truly care. We need men and women of dedication and vision to come out of this situation.

# Structural Adjustment Reforms: What are Our Concerns?

**by A K N Ahmed**

LIBERALISATION of regulatory measures and globalisation of economies are the buzz words at present. About 140 countries all over the world are now going through these exercises in the name of structural adjustments under the watchful eyes of IMF and World Bank and backed up by the financial and technical assistance of the latter. Bangladesh is also one of them.

The purpose behind these measures is to create more space for private initiative both at home and abroad to operate freely based on market forces leading to greater efficiency and higher productivity than public enterprises. According to this view, market system functions properly: only its minor aberrations need to be corrected occasionally. In contrast, public enterprises, bereft of profit motive and tangled with political and social considerations, function inefficiently. According to the protagonists of the magic forces of 'market', there is a positive relationship between liberalisation and superior macro economic performance reflected through growth of output and income, export performance and reduction in the degree of vulnerability to external shocks.

Let us examine critically the assumptions behind this contention. First, about perfect competition. Neo classical economic theory takes properly functioning market system as granted. But is there perfect competition anywhere in the world including in the developed country like USA? The real-world experience in that there is neither absolute monopoly nor perfect competition. What prevails everywhere is imperfect competition where the playing field is not even and competition is not perfect.

Secondly, there is no clear evidence of positive relation between liberalisation and economic growth. Most cases of liberalisation have been associated with deteriorating rates of growth. This is only to be expected because they usually accompany adjustment measures involving reduction of external deficits through deflationary measures to lower aggregate income. This conclusion in hardly surprising since growth depends on investment and productivity rates. Not even the naive economists would agree that these can be improved solely by freeing market forces.

Thirdly, a similar argument can be made with regard to increasing exports. The evidence is that success cases of export-led growth have been highly regulated economies and certainly policy makers in Japan or South Korea have never been guided by comparative advantage as defined by international prices.

Fourthly, the idea that the greater openness of an economy reduces vulnerability to external shocks. The actual evidence of developing countries experience particularly in the last decade goes to support the opposite argument since trade openness is impossible without exchange rate flexibility which, in a developing economy, means an important source of external influence on domestic inflation and income distribution. This is particularly dangerous if the trade pattern of a country shows structural defects. In such a situation, with the expectation of continuous devaluation of currency over time there will be only capital outflow reducing the autonomy of domestic decision making. It is not possible to narrate here individual country experiences owing to shortage of space. Enough documentation of the experiences of a number of developing countries are however available in various publications.

Even assuming that public sector is bad and private sector is good and that magic forces of the market should be given free and full play without let or hindrance to lift the economies of the developing countries, the question still remains whether this is feasible. Unlike market economies of developed countries, the need of the economy like that of Bangladesh is not only that the economy should be doing well but it must also do good. What comes around must go around. The standard IMF prescriptions for balance of payments difficulties are devaluation and monetary tightening. These prescriptions work in developed countries for many obvious reasons. These countries usually have excess capacity or at any rate considerable flexibility in the nature of moving resources from one sector to another. Then again, monetary tightness—with higher interest rates-immediately attracts inward capital flows, the first effect of which is to correct the balance of payment disequilibrium affecting the concerned country. Also, the large investment required in developing countries for many infrastructure and other essential sectors together with their long gestation period make them unattractive to private investors. Who fills up this gap? Furthermore, when economists imbued with the World Bank philosophy speak of rent seeking in a regime of trade and industrial controls they conveniently forget the problem of rent seeking under monopoly and oligopolistic private enterprise system.

In short, unlike countries in the developed world, developing countries have always to keep in view the social imperatives of growth and distribution while undertaking structural adjustment reforms in their economies. It has to be remembered that economic growth does not grow on trees. It has to be derived from the extraction of surplus from the social product and the optimal deployment of that surplus for increasing the productive capacity of the economy as a whole. Such a task involves pain and planning and needs allocation of pain to various segments of the society in an equitable manner. This can not be done by ruling out public intervention altogether. It is equally important to keep in mind that the financial sector of a country must reflect the real economy which it seeks to feed with inputs of capital and credit.

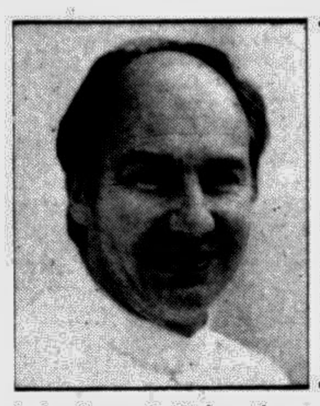
It is doubtless that our economic system does need reform in many directions. There is a plethora of unnecessary controls and irritating rules and regulations. I have dealt with them at length in my article published in The Daily Star last year in three instalments. There are public sector units which deserve privatisation and even outright liquidation. There are areas where private sector can perform better than the government or public sector. But these have to be chosen with care on the basis of their performance and importance to the economy. It should not be done as budget support measures in order to meet budget reduction targets set by our lending agencies, or to accommodate footloose finance capital in their quest for quick kill out of speculative bubble. It is also understood that today we live in an interdependent world and can not go it alone.

Nevertheless it will be wrong if we forget essential aspects of the problems and proceed, without informing parliament and without public debate, to ditch planning and go in for market oriented investments such as to be decided not by us but by international finance capital. For, market signals will inevitably move towards areas where profits are high. Given the present unequal distribution of income opening up of competition will also mean that high priced consumer durables will be produced for the upper 10 per cent of the households while essentials for the poorer groups—necessarily yielding lower profits will not attract investment. In such a situation even the growth of GDP will mean growth of the wrong basket of goods. In fact this trend is already visible in our economy rendering our poverty alleviation programmes as empty slogans.

The basic issue that needs our careful consideration is the relevance of the goal of achieving higher degrees of competition and efficiency to compete in the international markets at the expense of ignoring social and economic development of our villages and small towns where 90 per cent of our people live. The choice confronting us is: Should we as a nation worry about taking 10 per cent of our urban population and industrial sector closer to the most advanced industrialised countries—a task which we may not be able to accomplish given our resources—at the risk of ignoring the social and economic development of the other 90 per cent who live in the rural and semi-urban areas? Is it social and economic development of a few that is our goal or is it the social and economic well being of a majority of our people that is our main concern? In other words, who is making our policy and for whom?

*The writer is a former Governor of the Bangladesh Bank and a consultant to IMF. Now a resident in Washington DC, he is currently visiting Dhaka.*

# The Aga Khan Development Network: A Boon for South Asia



*His Highness the Aga Khan became Imam of the Shia Imami Ismaili Muslims on July 11, 1957 at the age of 20, succeeding his grandfather, Sir Sultan Mahomed Shah Aga Khan. He is the 49th hereditary Imam of the Shia Imami Ismaili Muslims.*

*In recent generations, the Aga Khan's family has followed a tradition of service in international affairs. The Aga Khan's grandfather was President of the League of Nations and his father, Prince Aly Khan, was Pakistan's Ambassador to the United Nations. His uncle, Prince Sadruddin Aga Khan has been United Nations' High Commissioner for Refugees.*

THE Aga Khan Development Network is a group of institutions working to improve living conditions and opportunities in specific regions of the developing world. The Network's institutions have individual mandates that range from the fields of health and education to architecture, rural development and the promotion of private sector enterprise. Together they collaborate, in working toward a common goal — building institutions and programmes that can respond to the challenges of social, economic and cultural charge. This presentation introduces the Network's principal organizations and provides an overview of their activities and goals.

The institutions that the Aga Khan has founded since 1957, when he succeeded his grandfather to the Imamat, reflect that sense of development's complexity. While all of them pursue specific mandates in social, economic and cultural development, they also work to identify ways in which these different pursuits can interact, mutually reinforcing one another.

The Network's institutions share common characteristics. Many initiatives originally came to exist through the energy, dedication and skill of volunteers and both volunteer and professional staff are essential to the functioning of Network organizations today. They draw upon the talents of people of all faiths, and work to develop the competence of both volunteer and remunerated staff on an on-going basis.

### Social Development

The efforts of the Ismail Imams in health and education go back to the Fatimid Empire, when they founded the University of Al-Azhar. Working within these Islamic traditions of social concern, the Aga Khan has fostered the development of a growing Network of institutions and activities in health care, education and rural development. Today, the main Network institutions working in social development are the Aga Khan Foundation, Aga Khan University, Aga Khan Health Services and the Aga Khan Education Services. Each has a specific mandate.

AGA KHAN FOUNDATION: Founded in 1967, the Aga Khan Foundation (AKF) is now a major non-governmental organization (NGO) active in health, education and rural development. With roots in the third world and support in the West, it cooperates with more than thirty other national and international agencies to finance programmes, primarily in Africa and Asia. To encourage a new generation of development practitioners aware of the realities of the third world, it also provides scholarships, training and internships to young people from developing and industrial countries. AKF's headquarter's are in Switzerland. It has branches in Kenya, Tanzania, Uganda, Pakistan, India, Bangladesh and Portugal and affiliates in Canada, the United States and the United Kingdom.

AKF's education portfolio is divided into two distinct thematic areas : Young Children and the Family, and Improving the Quality of Schools. AKF's is one of the few international agencies to emphasize early childhood care and development. Its goal is to fund projects which meet the needs of young children in ways that are appropriate to the cultural context of family and community.

AKF's rural development programme has focussed on poverty alleviation in fragile and degraded environments through participatory organization and better management of natural resources. Over the past decade, it has established two major programmes that foster the development of the rural poor — the Aga Khan Rural Support Programmes (AKRSP) in India and Pakistan. With its focus on village organization, decision-making and skill development, the AKRSP approach in Pakistan was judged by a World Bank evaluation team to be a suitable model for widespread replication.

AKF also supports two other major experiments in rural development — the Bangladesh Rural Advancement Committee (BRAC) and the Sadguru Water and Development Foundation in India. Like the AKRSPs, these initiatives in rural development are now moving into critical stages of their development as self-sustaining institutions. AKF's support for them in the 1990s, including exchanges of personnel and experience, is designed to help them accomplish this transition.

AGA KHAN UNIVERSITY: With the Faculty of Health Sciences and the Institute for Educational Development in Pakistan, the Aga Khan University (AKU) occupies a pivotal place in the Network's social development activities. Inaugurated in 1985, its purpose is to provide higher education and stimulate research pertinent to Pakistan and the developing world, while maintaining internationally accepted academic standards. Along with its educational aims and its mission to promote the welfare of the people of Pakistan, AKU is a major centre for health sciences training, continuing education, technical assistance and research.

Planned with the support of the medical schools of Harvard University and McGill University, AKUs Faculty of Health Sciences includes both a Medical College and a School of Nursing and is affiliated to the Aga Khan University Hospital, which is located on the same campus. The Faculty of Health Sciences and the Aga Khan University Hospital together form the Aga Khan University Medical Centre (AKUMC).

AGA KHAN HEALTH SERVICES: The Aga Khan Health Services (AKHS) is one of the most comprehensive non-profit health care systems in the developing world. Building on the Ismaili community's health care efforts during the first half of the century, AKHS now provides primary health care and curative medical care in India, Pakistan, Kenya, Tanzania, Bangladesh and Syria. The Network includes five general hospitals, the Aga Khan University Hospital in Pakistan, five maternity homes and more than 230 health centres. Organized in national service companies in Kenya, Tanzania, India and Pakistan, these health facilities are also linked internationally through Network-wide strategies in human resource development, hospital management nursing development and primary health care.

AKHS's primary health care programmes are designed to reach vulnerable groups in society, especially child-bearing women and young children, with low-cost medical technologies of proven effectiveness: immunization, systematic prenatal care, aseptic deliveries and oralrehydration therapy for diarrheal disease. Experience with PHC with in the Network, where AKHS works closely with both AKF and the AKU, has confirmed both the efficacy of primary health care in improving health status, and its cost-effectiveness.

AGA KHAN EDUCATION SERVICES: The Aga Khan Education Services (AKES) provides schooling and other educational services in 300 facilities in the developing world, ranging from day care centres to primary and secondary schools. With roots in the Ismaili Community's traditions of educational activity, these schools and centres are now managed by national service companies in Tanzania, Kenya, India, Pakistan and Bangladesh.

Today, AKES faces the same constraints as other providers of education in the developing world, whether public or private: population growth outstripping resources, poorly trained teachers, inappropriate curricula and in some areas, the low health and education status of women and girls. Their programmes aim to diminish these obstacles to educational access and achievement. To increase access, AKES has continued to create schools; in close collaboration with the Aga Khan Housing Boards and the AKF, it has also supported community-based school construction. In the north of Pakistan, AKES increased the number and range of facilities available to girls.

### Economic Development

The Ismaili Imamat's concern to stimulate economic activity that can improve the quality of life has given rise to institutions that now span several continents and sectors of activity. From self-help finance and insurance companies founded for the Ismaili Community at the turn of the century, the Imamat's economic activities have grown to include initiatives in industrial development and tourism promotion as well as financial services. Located principally in Asia and Africa, they serve broad national constituencies with companies and projects that range from food processing to telecommunications.

The Aga Khan Fund for Economic Development (AKFED) carries out these Network activities in economic development. It looks for projects with development potential as well as financial viability and works to build them into companies with lasting institutional strengths. Its criteria for project design emphasize both technology transfer and local resource use; it seeks to harness both international expertise and local know-how to the task of improving living standards in the developing world.

INDUSTRIAL PROMOTION SERVICES: Launched in 1963 to reinforce private sector activity in industrial development in Asia and Africa, Industrial Promotion Services (IPS) is an industrial development and venture capital institution. IPS companies exist in Bangladesh, Cote d'Ivoire, Kenya, Tanzania, Pakistan, Uganda and Zaire; in the developed world, there are now IPS joint ventures in small and medium-sized businesses in Canada and the United Kingdom. A focal point for these nine affiliates and a clearing house for technical information is provided Industrial Promotion Services S A, Switzerland.

TOURISM PROMOTION SERVICES: Tourism occupies a strategic position in AKFED's approach to economic development in the third world. It enables developing countries to use their advantages in climate and geography to revitalise local architectural and craft traditions, create employment and earn foreign exchange. Tourism Promotion Services (TPS), AKFED's tourism development arm, was established in the early 1970s.

FINANCIAL INSTITUTIONS : AKFED provides an institutional umbrella for a number of leading finance and insurance companies in Africa and Asia. Most of these were founded as small self-help companies in the first half of this century by the present Aga Khan's grandfather, Sir Sultan Mahomed Shah.

At the outset, most of the self-help companies were financed by contributions from the Ismaili Community to mark the successive jubilees (Golden, Diamond and Platinum) of Sir Sultan Mahomed Shah. The present Aga Khan opened their service to non-Ismailis, professionalised their operations and moved them into the mainstream of national commercial life.

To meet urgent needs for housing finance in India, AKFED co-sponsored the establishment of the Housing Development Finance Corporation (HDFC) through equity participation in 1978.

The Aga Khan Development Network has participated in the creation and development of cooperative financial institutions in India and Pakistan, including the Development Cooperative Bank, one of the largest cooperative banks in India.

# To the Editor...

### Culinary habit

Sir, It is high time we changed our food habit. But more important. We feel, is the matter how we should preserve and obtain maximum utility from the available food items. Much of the food value of our items of food wears away when they are processed. This is a dismal picture and an appalling loss. We cannot afford such a waste. As such, it is imperative for us to evolve specific recipes so that we can get nutrients from our food items. Loss of chlorophyll and other nutriments is colossal.

Besides, our palate is inured to savoury and flavoured food which is often overfrizzled over spiced and over cooked. Though relishing, in most cases, they do not possess enough nutrients for us. By the time these foods are served, much of their nutritive value becomes diminished. A little savvy can prevent such an enormous loss. We have a surfeit of value diminished food and, sadly enough. Our palate is loth to taste food other than the tasty and dainty ones. Despite being a pleasure for the palate of the gourmet, it is often found that such items of food are not wholesome and nutritive.

In fact, food ingredients with necessary nutrients are galore around us, and they are within the means of common people. Knowledge of nutrition can only change our attitude to food. But then we have instances of other people. For example, the Japanese, instead of concentrating on a few staples, are eating wide variety of nutritive things with remarkable improvement of their health index. These are not often or necessarily savoury foods. They are taken for health rather than for pleasing the palate. Change in their food habit is worth emulating. Of course, we should also develop our own cuisine keeping in view the regimen of health. Above all, at the present moment, a new recipe for cooking has be come necessary in view of our deplorable health condition.

*Golam Nabi,*
*Nasirabad, Chittagong*

### GDP

Sir, From time to time we hear conflicting reports from different sources about the economic growth, GDP and per capita income of Bangladesh.

Through the column of your esteemed daily we would request the concerned officials in the Ministry of Finance and the Bureau of Statistic in particular and the economists of our country in general to kindly enlighten us on the subject matter and also let us know as to how they work out the economic growth, GDP, per capita income and the rate of rural and urban inflation in our country.

*O H Kabir*
*Dhaka-1203*

### Labour front and political parties

Sir, I refer to your editorial of 18th April, "Go Public on SKOP Demands". While fully agreeing with the main theme I wish to say a few words regarding the position of the political parties in this matter. It is expedient that political parties appease power bases like organized labour fronts. When the mute majority look on with dismay the parties continue to ignore the welfare and long term prospects of the country. It seems they do not believe in the future, neither theirs nor the country's.

AL like BNP has the support of say, about 42% of the voting public. During the earlier programme of the SKOP, AL took into consideration the feelings of the popular support base rather than the political muscle-power. AL should be more careful about its future steps because of recent government measures in connection with the 26th March and the Pahela Baishakh functions.

*M A Haq*
*Green Road, Dhaka*

### Black smokes

Sir, The Bangladesh Society for Conservation of Environment (BSCE) has yet to set-up its own office and necessary facilities for conducting various scientific examinations for detecting environmental pollutants. In the mean time, the BSCE requested those institutions which have facilities to conduct a chemical examination of air of Dhaka city. Due to irrational release of smokes from the vehicles and factories, it seems that the percentage of certain harmful gases in air of Dhaka has increased or crossed the acceptable level. The BSCE appealed to the relevant departments to adopt drastic measures for controlling release of black smokes from the vehicles and factories.

*M Zahidul Haque*
*Press and Publicity Secretary, BSCE, Dhaka*