

Common Concern for Dhaka, Kathmandu

On the face of it Prime Minister Khaleda Zia's three-day official visit to Nepal was billed to improve relations and forge closer co-operation in the areas of trade and economy between the two countries. But in reality, the objective her visit sought to achieve could very well go beyond the framework of a bilateral nature. The growing good feeling in both Dhaka and Kathmandu may very positively contribute to the solution of a most pressing problem facing Bangladesh in the shape of a dying Padma, thanks to the unilateral withdrawal of the Ganges water by India at Farraka. This move — wrapped in quiet diplomacy and subtlety — has greater merit than diplomatic offensive tried otherwise and elsewhere.

True to the spirit of the South Asian Association for Regional Co-operation (SAARC), the member states have an added responsibility to explore avenues for mutually beneficial co-operation between and among them. At the same time the outstanding thorny issues souring relations can be taken care of with quiet persuasion by a third party. On all these counts Nepal and Bangladesh have much to gain from promoting each other's cause. When India closed its corridors with Nepal, allowing no movement of goods, including items of daily necessities, Bangladesh lent a helping hand for the landlocked country's rescue. The ice of cold relations between India and Nepal has thawed since then but the Himalayan nation cannot help keeping its options clear.

Clearly, both Bangladesh and Nepal have their own problems with their big neighbour, India and it is this common concern for their respective interests that the two small neighbours must take a common stand on many issues on top of closer economic co-operation. The joint communique signed between Nepal and Bangladesh has identified a number of areas for such co-operation. If implemented in right earnest, many of the collaborative efforts will end up bringing in benefits in the form of investment, creation of more capital, employment and cheaper products for their people.

However, the road to such fruitful co-operation is going to be long and arduous. Moreover, the two countries will have to take into consideration the accommodative capacity of the SAARC, the interest of which must not be undermined anyway. The important task will be to strike a balance between the bilateral and the regional interests. As a contiguous country Bhutan can also be incorporated into an economic scheme where Indian involvement cannot be counted upon. But how wonderful it would be if the three small countries' economic thrust were competitive enough to penetrate the large Indian market — at least in case of a few consumer goods! Until now such a prospect looks remote, but we should not lose sight of the objective if we are serious about giving SAARC a meaningful shape.

This again will call for a lot of negotiations and convincing before such a plan can be acceptable to all the parties. Economic muscle counts in a big way. The fact that small nations are more susceptible to big nations' indifference is because of their own incapacity to counter the aggression of the big economies. United, the small countries can expand their capital and productive base. In a regional framework, this idea may not always get a favourable response, but the truth is that such regional bodies must be effective only when the members have among them some sort of parity of strength.

The virtue of this is that the economic strength provides the necessary political clout in any bargain between and among states. The Ganges water issue has pushed us into a desperate situation and this should more than ever before demand that we muster support of the regional members on the one hand and, on the other, bolster our economic might. The combined effect will help build up a congenial atmosphere for good neighbourly relations among the member states.

Unhappy Physical Accretions

Bangladesh, the country and not so much its people, is being currently undergoing a life-sapping spell of dehydration. At one stage of the Vietnam War the desperate Americans tried defoliating the northern Ho Chi Minh part. Bangladesh's dehydration is however caused by multifarious and complex factors not excluding Bangladesh's own bad ways about water and environment — but pre-eminently aggravated by withdrawal of Ganges water by India. With a view to impressing the irreparable physical reverses Bangladesh is being subjected to, journalists and important people from abroad are taken to the vicinity of the Hardinge Bridge — a stretch where the famous ironwork runs over no water. Wednesday's issue of The Daily Star offered an alternative venue for the same purpose. This other picture of a country going dry, however, involves the Jamuna, rather than the Padma.

From Doikhawa in Kurigram to Daulatdia in Rajbari, the 135-kilometre route over one of the largest sweet water bodies of the world, has lately surfaced no less than 5,000 chars or islets. What this means to navigation is known to all that ply service launches across the Jamuna and specially the Railway who have to be on a constant campaign of shifting their Jagannathganj-Sirajganj and Phulchhari-Bahadurabad ghats. But this is perhaps of secondary importance. The point warranting concern is the falling water-level, the receding water-line which can only throw up thousands of square-kilometres of desert land and spell doom for this green and fecund home to an ancient and cultured people.

What can we do about this? The answer, to be meaningful, will depend more on politics than on man's engineering might. Until that happens the chars have come to stay. What shall we do with them? While many of these will need to be dredged into non-existence, the others must be put to good use. They must not be allowed to be sand dunes and nothing besides occupied by some ruffians with a lot of muscle power.

Bangladesh nurtured over millennia a seafaring people who had their everyday taste of a water-dominated life from the myriad rivers that crisscrossed the land. The sea has long gone out of their life. Now it is the turn of the rivers, possibly. While our people must again turn to the sea, attempts should vigorously continue to see that the rivers live. At the same time the new geomorphological developments should be taken into account pragmatically and something done positively about them. Wishing that these are not there, wouldn't it all help.

THE World Bank and the International Monetary Fund (IMF) have repeated their controversial claim that 'those low income countries which sustain adjustment policies over a period of time generally have done better than others — as evident in terms of growth, private investment attraction and poverty reduction'. The economies which have performed best, they said, were those that received 'strong support of the international community' and 'emphasised macro-economic stability, realistic exchange rates and outward orientation'. Therefore donors and the international financial institutions (IFIs) should give priority to the sustained reformers in the allocation of aid.

These statements are in an internal document prepared for the meeting of the Fund/Bank Development Committee in September as well as for the meeting of the Executive Directors at the end of August. In this document, 'Adjustment Experiences in Low-Income Countries and Implications for Financing Needs' (AE-LIC), the Fund and the Bank called for continued insistence on structural adjustment programmes (SAPs) and their extension to those low income countries not yet implementing them.

Contrary to earlier expectations, they argued, adjustment should now be seen as a long-term phenomenon since experience has shown that achieving successful adjustment requires 'time consuming fundamental structural change', than previously envisaged. This latest perception of adjustment as a long-term phenomenon (an infinite process) follows a series of admissions to the effect that earlier expectation that the process would last no more than seven years is unfounded. Some of the schemes are now more than a decade old with no end in sight.

To improve the effectiveness of the support for the adjustment process, the report recommended that further action should concentrate on four areas: sustained but targeted (selective) financial support to 'sustained adjusters', more and well timed technical assistance, debt relief through applying more broadly the 'new Paris Club menu of enhanced concessions', and sustained growth in the industrial countries. Central to the latter is the alleged indispensability of a successful conclusion of the Uruguay Round of world trade talks.

Not long ago, the vice presi-

IMF and WB still Pushing Controversial Economic Policies on the South

Charles Abugre writes from Penang

The World Bank and International Monetary Fund still claim that their structural adjustment programmes help improve poor countries' economies. But there is growing evidence from Africa that points otherwise. Should the Bank insist on continuing these controversial policies?

dent of the Africa region of the World Bank, Edward V K Jaycox, made the opposite recommendation, in the case of technical assistance. In a speech to the African-American Institute in Washington he called for a cut in Western technical assistance, calling expatriate technical assistance a 'systematic destructive force undermining the development of local capacity'. He also blamed most donor-funded project failure in Africa on 'scanty attention given to project design and throwing money at projects whose designs are a mismatch to local capacity' and 'cutting civil service which now turns out to be the wrong way to go about things'.

Whether Jaycox was making a personal opinion or engaged a systematic public relations exercise to save the Bank's IDA replenishment, threatened at that time by non-government organisations (NGOs), remains to be seen.

The controversy over whether or not there is incontrovertible proof that so-called sustained adjusters have produced better performing economies than those classified otherwise and whether any such improvements are directly attributable to the policies rather than to favourable external factors, for example 'strong support from the international community' and terms of trade, remains unresolved to date. Which is one reason why the repetition of the claim in significant.

Africa, a Barometer for Assessing Fund/Bank Policies

The controversy dates back to 1989 when the World Bank and the United Nations Development Programme (UNDP) put out a joint report assessing adjustment performance in Africa. This report claimed that African recovery had begun and that this recovery could be traced to 1985, the time when SAPs were widely applied, and that those countries which applied the SAPs were performing better than those which did not.

Strong critiques of these as-

sertions came from several sources, presented most forcefully by the Economic Commission for Africa (ECA), and led to a partial retraction of the claims by the Bank.

Recent independent assessments of this debate between the ECA and the World Bank, by people like Paul Mosley, a leading critic of Fund/Bank policies and Professor of Development Economics at the University of Manchester (England), confirm that the evidence did not support the Bank's claims.

Africa is by all accounts an effective barometer for assessing the effectiveness of SAPs as well as the impacts of Fund/Bank activities on the least developed countries (LDCs) as a whole. African countries make up 52 per cent of the total number of LDCs. According to the London-based magazine, *Africa Confidential*, Africa has the largest budget in the Bank, has more staff and resident missions than any other region, the Africa region of the Bank is twice as big as the second largest region. According to the United Nations Conference on Trade and Development (UNCTAD)'s 1993 Trade and Development Report, nowhere else have SAPs been applied more intensely and more frequently than Sub-Saharan Africa (SSA).

Since the 1980s, 35 SSA countries have been under IMF/Bank-sponsored SAPs. They have received an aggregate of 162 high conditionality policy-based programmes, excluding sectoral adjustment loans, compared with 126 for the rest of the world. Some countries have had as many as four SAPs since the early 1980s. Between 1983 and 1991, Ghana received 10 IDA-financed adjustment credit, Gambia seven, Kenya six, Uganda, Guinea, Zambia, Senegal, Sao Tome and Principe and Mali, four each. UNCTAD explains that this frequency of adjustment reflects financial distress more than a commitment to the sensibility of the policies.

Contradictory Evidence

What is the evidence to back this most recent claim by the

IMF and the Bank? The report points to lower fiscal deficits, slower growth in money supply, liberalised domestic interest rates less over-valued exchange rates, the dismantling of trade barriers, improved agricultural sector pricing and the reduction of the roles of parastatal boards in pricing and marketing. It laments the slow pace of the privatisation programmes, reform of public enterprises and financial sector reforms.

In an earlier report in 1990, the Bank had announced with satisfaction that there was 75 per cent compliance in terms of the implementation of fiscal, monetary and trade liberalisation policies.

The lament now over the slow pace of the financial sector reforms seems to contradict another internal document, initially entitled, 'Why Structural Adjustment has Not Succeeded in Sub-Saharan Africa' which is now being revised under a different title, 'Adjustment in Sub-Saharan Africa: Progress, Payoffs and Challenges' (ASSA-PPC).

In this document, the Bank, the principal architect of SAPs, admits that its emphasis on deregulating African banks was overplayed and may have contributed to the growth of 'predatory' banks soaking up savings and perhaps facilitating capital flight. Kenya was a case in point.

But even these so-called 'success indicators', many argue, only show the degree of compliance to the policy prescriptions (the prescribed means) and at best intermediary macro-economic stabilisation objectives but not actual outcome targets (the ends), that is impact on 'sustained poverty-reducing growth', the key indicator suggested by the report.

Even for these limited performance indicators, independent studies come to somewhat different conclusions. The authors of *Aid and Power* (Paul Mosley, John Toye and Jane Harrigan), a critical investigation of SAPs published in 1991, conclude, as do the Bank and the Fund, that the implementation of price-based policy instruments was more complete than those in respect of

institutional reforms.

The explanation is that with price reforms, it requires simply twisting the arms of a few staff in the Ministry of Finance and the Central Bank whereas institutional reforms require in some cases the support of the legislature where such institutions exist or effective inter-ministerial coordination.

Because of this case at arm twisting, concluded *Aid and Power*, the Bank often prescribed policy reforms even in markets where its own analysis had revealed no major policy distortions, yet they rode into battle like Don Quixote with his lance tilted, even in fields, where there were no noble deeds to be done.

Bank's Own Studies Point to Opposite Conclusions

So what evidence of success in terms of the performance of the real economy did the latest report (AE-LIC) present? For gross domestic product (GDP) growth the report divides the LDCs into two groups, A and B. Group A is made up of 25 countries which received support under low-conditionality arrangements from the Bank and the Fund, and have had one adjustment operation over the past decade. Group B comprises the 23 countries, many of which had major interruptions in their adjustment programmes, or began to adjust only recently.

According to the AE-LIC report, whereas Group A increased their average growth rate to 3.1 per cent in 1987-91, in contrast, the growth rate for Group B declined from 2.7 per cent to 1.3 per cent within the same period. This finding supposedly confirms similar conclusions from earlier Bank studies. The report quoted the Bank's third appraisal report on adjustment lending released in 1992 and revised in 1993 to confirm its assertion that adjustment has had a positive effect on export performance.

But there are several snags. In 1992 another World Bank study conducted by Elbadawi,

Ghurran and Uwujaren conceded that in the case of Africa, 'World Bank adjustment lending has not significantly affected growth but has contributed to a statistically significant drop in investment ratio... The conclusion that there is a negative relationship between adjustment and aggregate investment growth and even savings was also reached by the 'Aid and Development Study' of Toye, Mosley and Harrigan. A 1993 study by Paul Mosley comparing the strong and the weak adjusters in Africa between 1985-91 found no difference between the two sets of countries in terms of growth performance.

The second snag relates to the influence of war on major political, social or external economic disruptions. The current report, like its predecessors, does not mention that at least 13 of the 23 countries in Group B were either still engulfed in or just emerging from intense civil war or strife or major eruptions in their social systems. These include Albania, Angola, Ethiopia, Nicaragua, Somalia, Sudan, Chad, Haiti, Kyrgyzstan and countries hit severely by drought such as Zimbabwe.

This tendency not to account for major social and political disruptions substantially biases the result against the so-called weak or non-adjusters. This attitude has been severely criticised by many independent researchers. Indeed, when Mosley's study adjusted for the war-torn countries, the result was that both strong and weak adjusters grew at 2.9 per cent between 1985 and 1991.

The third snag is that the World Bank/IMF report also declines to say that those strong adjusters were also the strong recipients of aid. The African example will suffice. UNCTAD's data showed that between 1980-88, the so-called strong adjusters received an average of 7.3 loans per country as against 3.1 for the so-called weak adjusters. This does not include all sorts of bilateral aid which are conditioned on policy-based loans.

In the poorest countries often constrained by severe import strangulation, there is no doubt that major financial injection will make a difference between growth and stagnation. It is no wonder that those countries currently presented as successful stories like Ghana and Uganda are also among the most aid-dependent.

— Third World Network Features

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Burma: Grief that Remains

by Ahmad Mujtahid

THE world appears to have forgotten Aung San Suu Kyi and become oblivious of her resolute fight against and opposition to the military junta of Burma named the State Law and Order Restoration Committee (SLORC). It is sad that although she has been unlawfully confined by the SLORC for more than four years yet Aung San Suu Kyi has been unable to draw the necessary attention and sympathy a leader of her stature deserved let alone the solidarity of the democratic forces of the world. The leaders of the democratic countries both within and outside the government appear to have become indifferent to the cause she had been fighting for and the leaders of the democratic world would have us believe they stand for and are committed to — democracy, liberty and human rights.

The leaders of the democratic countries are perhaps too busy with global issues confronting their national interest and are not left with any time to spare for trifling issues like the struggle of Suu Kyi and her people. They are busy with issues in Somalia and Moscow. In Somalia they are showing their military might for the so called restoration of the rights of the Somali people and in Moscow they are all out to demonstrate their support for those who have not hesitated to use their military might against those who were defending the sovereignty of the elected parliament, killing them and destroying the parliament. What a paradox!

When this is the attitude of the so called leaders of the democratic world in far away countries towards the suffering of the smaller nations, what are the attitudes of the neighbours of Burma about the happenings there? We all seem to be taking our cue from the bosses of the free-world. How sad it is. Suu Kyi is resolutely fighting her battle against the Burmese military junta. She is not only of the age of most of the members of our Parliament, she is a woman, a mother like our leader of the House and the leader of the Opposition. She has been honoured with the Shakhbarov Peace Prize and the Nobel Prize and above all she is the elected leader of the people of Burma. But we feel sad when we see that our elected representatives who are doing so much for institutionalising democracy in Bangladesh should be so indifferent as to the developments in a neighbouring country like Burma, to be so unconcerned as to the fate of its leader Suu Kyi, a fellow traveller in the struggle against the military dictatorship for the restoration of democracy.

Only loud pronouncement of intents and pious wishes for institutionalization of democracy without matching actions both at home and in the international arena especially regarding the countries nearer home would hardly label Bangladesh as a supremely

democratic country. After all the external policy regime of a country, a government and the parties in the Parliament reflect the character collectively and severally. In ultimate analysis it reflects the character of the entire people of the country. It is this last thing that's very important for the people of a country who have struggled so much, suffered so much and sacrificed so much for the restoration of democracy in the country and for a democratic sovereign parliament. Such a nation would hardly like to be labelled or branded as one with little respect for democracy and the people who are struggling for it elsewhere in the world. Naturally the honour and prestige of the country and its people should not be allowed to be undermined and therefore defended at all cost. But the stance so far of our honourable members of the parliament would hardly show that they stand by those who are struggling for peace, freedom and democracy anywhere in the world. Had they really cared for the honour and prestige of democracy they would have voiced in unison, across party affiliations, to demand for the release of Aung San Suu Kyi, restoration of democracy in Burma and transfer of power to the elected representatives of the people of Burma.

Regrettably, our government

did not move and the party in the opposition issued a ritualistic statement to the press. The parliament as a whole did not take up the issue let alone pursue that with the Burmese government and the international community. Our democratic government went all out to persuade the SLORC junta what the foreign minister would like to call by 'silent diplomacy'.

What that 'silent diplomacy' has brought for our nation and the people as a whole are all very well known to the international community and the UN-HCR. Notwithstanding, the telling effect of the silent diplomacy on our economy, environment, law and order situation, creation of vast arm bazaar and the suspected growth of drug mafia, it might have brought some diplomatic fortune for some to spend sort of paid holidays in Burma. These visitors rather took it upon themselves to serialize their experience conversation with a certain editor glorified by the SLORC, in the pages of print media so as to give an impression as it was not quite as bad as the democratic world community would tell us, or those thirteen Noble laureates who were refused permission to visit Burma and Suu Kyi would inform the world. Therefore, we have to accept that what the editor of the Guardian of Burma reportedly told his visitors was

all true: that the USA so far had failed to influence the SLORC and install a government of her liking; that development, since 1962 was impressive under the martial rule; that the rank and file of the National League for Democracy (NLD) was in total disarray. These are the outcome of 'silent diplomacy'.

In the past, since Ayub Khan's martial law of 1958 we have seen and read articles by editors on the political scenario under the martial rule. Barring few honourable exception many of them served as outlet of deliberate disinformation of the Junta intelligence network. It had been true under all martial rule, and, therefore, is also true for Burma.

If things are so well under the control of the SLORC why don't they release Suu Kyi; refuse permission to the Noble Laureates to the Amnesty delegates; why do the SLORC are so afraid to handover power to the elected representatives of the 1990 elections and let the people's leaders frame their own constitution? Our experience of the past best testimony what could be the state of affairs in Burma, the fate of those progressive democratic forces who are fighting against military dictatorship. Alas yet we are so unconcerned!

This is rather embarrassing for a sovereign nation to be indifferent to the happenings in a neighbouring country. It is

difficult to see why we behave so irrationally at times. Why are we unmindful and unkind to neighbouring people's plight and their leader like Suu Kyi, the Noble Laureate?

The Paradox with us is that when the international community wakes up on the grim realities in Burma and are concerned about the life of Suu Kyi, it seems our government and political parties are only happy with their own achievements!!

During the tenure of the current session of our Parliament a number of things of national and international significance are likely to be discussed. May we hope that our August Parliament will not deprive us and the international community of their opinion on the political scene in Burma, their views on the actions of the SLORC, and as to what do they feel on the gross human rights violation in Burma, on the repression of the SLORC on the ethnic minorities like Rohingyas, and above all on the unlawful detention of the leader of the Burmese people Aung San Suu Kyi who in July 1994 will complete five years of her confinement.

This is high time for our political parties and intellectuals who care for democracy and human rights, to voice the demand alongwith all others around the globe, for the release of Suu Kyi, for the restoration of democracy in Burma and the transfer of power to elected representatives of the Burmese people. Only by doing this could we belatedly spare us from loss of face.

It is, therefore, humbly suggested to the government to launch a campaign, with the vehicle owners through the media as to the check up and maintenance of vehicles the owners should ensure. Once this civic responsibility is created in the minds of the vehicle owners (which, it is believed, is present in the owners of private vehicles), traffic police may instantly reprimand on the roads the owners/drivers of the vehicles who fail to do so. In cases of serious violations of traffic rules a ticket may be issued for imposition of fine. This will be the most practical and pragmatic approach to the problem.

S M Mehdal
Mipur, Dhaka

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.

Staff Vehicles
Sir, Ref your staff report on the off-roading of the two new staff buses gifted to BTV. I am not surprised at the news. The BTV administration might be able to smash up some unscrupulous group within the organisation which might be engaged in making money in two ways; namely, forcing the office to hire taxis or transport for personal gain; and through fictitious or unnecessary repairs, by submitting inflated bills. Another area of malpractice is the over-issue of lub. oil and petrol. The mpg can be easily checked through the mile meters, but the meter is invariably not working or getting out of order regularly!
A technical officer may be placed in charge of the transport pool, who has intimate technical knowledge about automobiles, whom the drivers and supervisors cannot bluff. Secondly the transport officer must himself visit the workshops and see things for himself and talk to the manager, keeping out the intervening office staff.
This racket has been going on since the 1970s, as old timers can confirm. In fact this type of cheating has become a standard practice in govt offices. Bureaucrats must be willing to soil their hands with grease and grime when necessary, while holding white-collar

jobs. 'Get out of the chair and move' should be the order of the day.
Alif Zabr
Dhaka

Daudkandi ferry service
Sir, Chittagong-Dhaka highway abounds with hundreds of cars, buses and trucks. Previously, the BIWTA used to operate the ferry service on the route at Daudkandi Ghat round the clock. But from November 1, 1993, the situation has abruptly changed and deteriorated.

The operation of the ferry service at Daudkandi is reported to have been leased out to a private party, who operates the ferry service whimsically at his own sweet will, creating inordinate delays and disruption in the road communication, which not only cause untold sufferings to the long route passengers but truck loads of perishable goods, fish and vegetables are also damaged.

We fail to understand the logic behind leasing out the Daudkandi ferry service to a private party at a time when a river bridge is under construction on the site and would soon be opened to traffic.

We would request the Roads and Highways Department and BIWTA to kindly look into the matter, improve and ensure the smooth ferry service at Daudkandi and mitigate the sufferings of the people.
O H Kabir and Md Atiqur Rahman
Dhaka-1203

Arbitrary increase in taxes
Sir, The government or at least the Finance Minister has taken pride in not imposing any new taxes in this year's budget. This is only a fallacy, if not falsehood, designed apparently to hoodwink the public.
Since the beginning of the current financial year, almost every single service and utility organisation — such as T&T

department, motor vehicles department, gas corporation, WASA, etc — has substantially increased its rates and taxes. If these increases are not new taxes then what are they really? Such arbitrary increases without the approval of the Parliament is unthinkable in any democratic and civilised society.

A Quayyum
Gulshan, Dhaka

Fitness certificate
Sir, There is no denying the necessity of an 'authority' to ensure fitness of vehicles to be allowed to ply on the roads. If the power to scrutinise the criteria of fitness is entrusted to untrained and incompetent people or personnel, it not only becomes irritating and exasperating, but also breeds corruption. The inspector to scrutinise the work of fitness of a vehicle often acts like a quack. He usually limits his observation on tyres, number plates or a few dents or damages on paints in the vehicle. He, however, makes