

Stability at the Cost of Growth

At his press briefing on Wednesday, the Governor of the central bank did some plain talking about the current state of the economy. The government spending on development is not picking up, an aura of sluggishness pervades the economy, demand for money has tapered off. The country now faces an unprecedented situation of deflation. In short, the economy is in the grip of stagnation.

All this time, there has been talk of how high a degree of macro economic stability the economy has attained. The international community has been fulsome in their praise of the country's macro-economic policy management. It now seems that the country's economy has achieved stability only at the cost of growth.

The data base for inflation accounting may not, of course, be all that dependable. The central bank Governor himself has expressed misgivings about the adequacy of prevailing methodology for the construction of the consumer price index (CPI) for monitoring inflation situation. He spoke of the relatively high weightage of 62 per cent assigned to food in the basket of goods that are taken into account for formulating the CPI. It is evident that the rice price slump following the Aman harvest has contributed largely to the sharp fall in the CPI in the last quarter of 1993. However, even allowing for this deviation, the underlying message is quite clear. The economy is underperforming.

The authorities should not also miss the economic implications of falling rice prices for at least two consecutive years. Less income and hence money, is being generated in the rural economy. To that extent, effective demand in the economy as a whole is being depressed. The monetary authorities do not seem to have taken constructive measures to counter this phenomenon. There has actually been a reverse flow in agricultural credit during the last fiscal year, resulting in a net transfer of resources from the rural sector. The growth in the industrial sector has fallen below targets. The overall effective demand in the economy has thus shrunk.

A vigorous public investment programme could have helped make up the slack. It is amazing how the government's performance in this area persists in lagging behind the target. The situation almost seems beyond redemption. As usual, investments under the Annual Development Programme (ADP) last year, failed to meet the benchmark. The marginal improvement in the level of investment last year actually came through the contribution of the private sector. It appears that we are on the way to see a repeat performance this year too. The utilization of the current ADP in the first five months up to November was only sixteen per cent of the total allocation — actually two per cent lower than the corresponding period last year.

The emergence of a current account surplus for the first time in ten years could open up ticklish issues for future availability of foreign assistance. Poorer countries usually run a deficit in current account transactions in goods and services. So they lack external resources not only to meet their international obligations but also to finance development programmes requiring foreign currency funds. They gain access to foreign currency funds to meet the deficit and have something left over to finance such development programmes, through agencies such as the International Monetary Fund for countering balance of payments problems and also from multilateral donor agencies as well as bilateral external assistance. For a country, albeit poor, enjoying a surplus both on current and overall balance of payments accounts, it might prove daunting to convince the donor community to dish out assistance. It seems our policy makers would be facing rather a tougher situation in the days ahead in securing external aid.

NATO's New Mission?

The NATO alliance meet in Brussels last week had actually a tall order before it, taller than it was either prepared or quite expected to meet. The NATO Secretary General Manfred Woerner claims that new missions have been clearly defined. It seems to us that western security concern inexorably dominated the meet's proceedings. This has been true to the NATO charter even though its *raison d'être* has undergone a qualitative change after the dismantling of WARSAW. But this is understandable: the former eastern bloc communist republics still possess potentially dangerous nuclear arsenals. There could be a two-some western approach towards neutralising them. They have to be taken into the NATO fold and persuaded to dismantle their nuclear establishments. These are easier said than fully accomplished even though there is a reported willingness among some East European countries to join the NATO. And, the President of Ukraine, among the other former Soviet republics Uzbekistan and Tajikistan, has signed an agreement with President Clinton during his recent visit there to abdicate its nuclear power status, subject to a parliamentary ratification through. Whenever others will follow suit is to be seen. At any rate, the Ukrainian President's accord with US President has come about with prospects having been held out to him that the republic's development will be underwritten. It is envisaged that arsenal dismantling process will take seven years in the core of Ukraine.

The NATO has adopted the US-proposed Partnership for Peace Plan implying that the Eastern Europe, former Soviet and neutral countries can establish ties with the NATO and eventually be its members. By not instantly taking them into the fold, the NATO seems to have placed them on probation. If the East European countries and the Central Asian republics are included in NATO, the alliance's frontiers would be moved up to Russia. So, Russia has a dilemma there, given its latest demonstration of a nationalistic urge.

The NATO has not clearly declared the Bosnian war as a security concern. But it is to the Balkans that the World War I owed its origin. The right homeland of a majority religio-ethnic group is being trampled in Bosnia-Herzegovina by the force of Serbian arms. Even such right of a minority group is protected as a sacred trust. The implication stretches to Neo-fascism of the Serbian variety which has tended to scoop the dreaded old world in some European countries. Thus the humanitarian tone of the NATO resolution threatening Bosnian Serbs with air strikes if they block a major airport to UN relief supplies or rotation of duties by the peacekeepers smacks of a self-tamed approach. In fact it is a repetition of the same old half-heartedness. The Serbs should have been stopped on their tracks a long time ago by a unified command. Ironically that unified command still eludes in the jig-saw puzzle of diplomatic nuances.

Aid Used to Promote Business rather than Help the Poor

by Judith Randel and Tony German

Aid is used by donor countries to promote exports and subsidise domestic industry rather than to benefit very poor people in developing countries. This is the second of the three-part overview of the current aid scene, the first part was published on January 11.

In spite of the fact that most Development Assistance Committee (DAC) donors state that the relief of poverty is a key objective of their aid programmes and that the public are encouraged to perceive aid programmes as focused on the most needy, it is at present impossible to assess how much aid is allocated to direct poverty reduction.

Countries can claim that their aid is well targeted on the poorest on the basis of their assistance going to the poorest countries. Non-governmental organisations (NGOs) believe that the more important question is how much aid has as its primary purpose the eradication of poverty and promotion of sustainable development for the poorest people.

There is no agreed DAC definition of aid for poverty alleviation and not one DAC donor produces clear statistics showing how much aid goes directly to reducing poverty. As a result it is not possible to compare the emphasis donors give to this sector. It also makes it very difficult for taxpayers in the Organisation for Economic Cooperation and Development (OECD) countries to get a straightforward answer to the question: How much of my money gets to the people who are in greatest need?

Estimates of aid devoted to direct poverty reduction are often arrived at by adding up allocations to social or human development sectors, such as education, health and family planning. But these are unsatisfactory measures, because the statistics are not disaggregated. So, for instance, education spending includes primary education, adult literacy and all the expenditure on training, including the costs of overseas students visiting the donor country. Health may include primary health care for the rural poor and sophisticated hospital treatment for the better-off in urban areas.

In the wake of the 1990

World Bank Report on Poverty, many donors reaffirmed a commitment to assisting the poorest directly. Some have laid down specific targets.

Germany's Minister for Economic Cooperation has said that 51% of all projects in 1993 will be directed towards meeting 'basic needs'. In Switzerland, the aid administration, dissatisfied with the impact of Swiss aid on poorer populations, has reformulated its objectives to focus on the poverty-orientated work of local NGOs, credit for poor people and improved participation. In Austria, the priority goals of the 1993-95 programme are focused on alleviation of poverty. But in the absence of agreed clear and consistent reporting mechanisms, it will be difficult to monitor the extent to which these commitments feed through into a real reallocation of aid resources.

The DAC says that a better and more transparent database is required for donor performance on poverty to be assessed adequately. It is collaborating with the United Nations Development Programme (UNDP) and the UN Children's Fund (UNICEF) to integrate their statistical systems so that aid channelled by donors to key social sectors, such as education and health, can be better tracked. The World Bank is putting a major emphasis on the assessment of impact on poverty. Recently the British government committed itself to produce statistics on aid for poverty alleviation.

These initiatives by both multilateral and bilateral donor countries are welcome steps towards an acceptable definition of poverty-focused expenditure, against which all donors can be required to report.

But for NGOs, a fundamen-

tal issue remains: methods of measuring aid allocations to poverty alleviation will be of little consequence to poor people without a genuine commitment by governments to put more resources into ending poverty. UNDP estimates that OECD countries allocate just 6.5% to social priority areas. On any measurement, the great bulk of aid is not devoted to tackling real human needs: 180 million young children are still malnourished; almost one billion adults are illiterate; around one quarter of the world's population lack safe water.

Commercialisation of Aid

The use of aid to promote exports and subsidise domestic industry, rather than to benefit very poor people in developing countries, is a major cause of concern to NGOs throughout the OECD countries.

Out of the 20 DAC donors, only five report more than half of their bilateral aid as untied. Sixty-five cents out of every Canadian ODA dollar is spent in Canada; 60% of French, 74% of British and 90% of Italian bilateral aid is tied. More than 90% of Australian bilateral aid is sourced in Australia.

As well as decreasing the amount of aid they are giving, many donors are making their aid more commercial. Norway, often at the forefront of progressive aid policy, has stated that the place of commercial interests in the aid programmes will increase.

Use of Aid to Promote Donor Export Industries

In Canada, Denmark and Sweden, there is real pressure from within the governments as well as the corporate sector to refocus aid towards trade pro-

motion and job creation.

During the 1980s aid became the most consistent financial flow between the Italian economy and developing countries, making Italian development policy an important part of its economic policy. Looking at the two new DAC donor countries, more than two-thirds of Spanish bilateral aid is in the form of concessional export credits and the importance of aid for Portugal's business community is stressed again and again.

Governments often argue that their aid programmes generate valuable returns to the domestic economy and, at the same time, that aid is purely about helping the poor, suggesting that the two are not in conflict. While they may sometimes be compatible, NGOs argue that the drive for sustainable development must be the overriding purpose of the official development assistance (ODA), and that returns to domestic economies should always come second.

The practice of tying aid — making ODA conditional on the purchase of goods and services in the donor country — is acknowledged by aid agencies, recipient countries and NGOs alike as unsatisfactory. It increases costs by limiting competition; it stifles the development of indigenous industries and skills; and locks the recipient country into dependence upon parts and maintenance that may be expensive and inappropriate.

In addition to formal tying, the decisions that donors make about what projects and countries they will support determine much of the spin-off to their own industries. In New Zealand, even though 72% of bilateral aid is untied (the best

in the DAC), the Government claims that 70% of ODA returns to New Zealand through the purchase of goods and services.

Aid to infrastructure generally results in more domestic commercial gain than aid to human resource development. In Sweden, a focus on very poor countries has led to less interest in the aid programme by major industrial enterprises. By contrast, the strong Japanese emphasis on large scale economic infrastructure in Asia gives much more scope for commercialisation, despite the fact that 70% of its bilateral aid is reported as untied.

An additional boost to donor exports is provided by mixed credits. Here ODA is used to subsidise projects initiated by companies seeking contracts. Mixed credit projects are often subject to fewer safeguards on issues, such as environmental sustainability, effective involvement of women and poverty reduction. While it is not impossible for projects funded by mixed credits to be poverty-focused, it is much less likely that they will be.

Not only is the increasing commercialisation contradictory to the emphasis on poverty reduction, it also runs counter to two other key policy aims of the donors: the growth of the private sector in developing countries and the focus on export-led development. Tied aid and mixed credits are more likely to prevent the development of industries which could serve aid-funded activities in developing countries.

Prospects for Untying Aid

So what are the prospects for change in the commercialisation of aid? While several major donors are opening up their aid programmes to commercial in-

terests, there is a general consensus that aid tying is unsatisfactory. Many major donors say that they would welcome the untying of aid worldwide (or in the case of the EC, at least EC-wide). Unfortunately, they all oppose unilateral untying because they would lose market share.

The DAC has adopted a new set of disciplines on the use of tied aid intended to limit aid and trade distortions; to target aid more effectively to countries and projects with little or no access to market financing; to improve the development quality of tied aid; it is also monitoring members more rigorously and tightening the definitions. New rules on export credits are designed to increase the flow of overall resources to developing countries by limiting the use of tied aid to projects which would not otherwise be commercially viable.

NGOs favour reducing tied aid and mixed credits, because these divert scarce aid resources away from the poorest countries and the most development-orientated projects. At a time when aid budgets are being cut, the diversion of DAC taxpayers' money from helping poor people to subsidising domestic exporters is even less acceptable.

Jobs are created in donor countries as a result of aid activity. Rather than the principles of aid being waived in the interests of domestic industry, two things should happen. First, there should be a clear hierarchy of priorities, making sustainable development paramount. Second, new standards of poverty-focused implementation should be set and applied to companies seeking contracts under the aid programme.

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THE 12 European Community Foreign Ministers had decided to have a 'common diplomatic initiative' to resolve two-year old bloody conflict in Bosnia-Herzegovina in the new year. The EC Foreign Ministers' meeting held in Luxembourg recently might have discussed French-German proposal of gradual lifting of sanctions against Serbia in exchange of three to four per cent of the territorial concession by Serbs to the Muslims in Bosnia-Herzegovina. This proposal sounds ridiculous, to say the least.

Although the United States of America had rejected the idea of lifting economic sanctions on Serbia, but the point remains why the question of exchange of territories should arise at all for it?

One may recall the emergence of Bosnia-Herzegovina as an independent state following a referendum held in 1992. Ninety-nine per cent of the population of the state which comprises Muslims, Serbs and Croats overwhelmingly voted in favour of an independent state. Only a faction of the multiracial society opposed the idea of independence and wanted to remain with Yugoslavia. The composition of the population prior to the war was as follows: 40 per cent followed Islam in comparison to 32 per cent Serbs and 18 per cent Croats. The newly emerged country was recognised by the European Community and the United Nations. She was also offered membership in the UN.

It is known to all that the opposing party in the present conflict, i.e. the Bosnian Serbs, in collusion with the Serbia-Montenegro, had launched an unwarranted war against internationally recognised Bosnia-Herzegovina. Geographically, Bosnia-Herzegovina is a land-

Bosnia-Herzegovina is still Bleeding

by Mohammad Amjad Hossain

locked country having a coastline of only 20 kilometers with no facility for harbour. It is surrounded by Serbia in the east, Croatia in the north-west and Montenegro in the south-east. From all accounts available over the two-year long conflict, it is clearly evident the government of Serbia of Slobodan Milosevic intends to grab as much as territories through their compatriots in Bosnia by driving out Muslims from their homes and hearths at gunpoint. On the one hand, Serbian leader Slobodan Milosevic maintains that the conflict in Bosnia-Herzegovina was an internal one and, on the other, he continues to supply arms and ammunition including his own troops to Bosnian Serbs in carrying out his declared policy of 'ethnic cleansing'. One might recall his statement of May 28, 1992 when he was reported to have said "Serbia had nothing to fear from western punitive sanctions over the ethnic war in Bosnia-Herzegovina and foreign pressure would soon blow over. I do not think there is a citizen in Serbia who is not concerned. There are many reasons for concern, but none for fear because we are doing nothing detrimental to the interests of others". This attitude he has been maintaining till today regarding Security Council's resolutions. A number of resolutions including that for enforcement of no-fly zone over Bosnia had been passed by Security Council but hardly any resolution was strongly applied on Serb aggressors. The resolutions 46/242 and 47/121 adopted by the General Assembly of the United Nations also remain unimplemented.

According to reports, 70 per cent of the territory of Bosnia-Herzegovina was occupied forcibly by Serbs while 15 per cent went to Croats. The persecutions carried out in Bosnia-Herzegovina against Muslims in particular, resulted in large scale migrations to western Europe and Asia which brought about the burden of resettlement of refugees. It is thus clear that the so-called internal affairs of Bosnia-Herzegovina transcend its border and, therefore, it becomes an international issue. The world community will face the problem of resettling over 3000,000 human beings who have either been dislodged from their homes or remain trapped in some enclaves. Many people continue to remain vulnerable to the threats of man and nature.

In the aftermath of colossal

death and destruction of two World Wars the idea of establishing United Nations was devised by Franklin D Roosevelt of the United States of America and the preamble to the charter which was adopted by 50 countries including USA at a conference held at San Francisco in 1945, stated that "we the peoples of the United Nations determined to save succeeding generations from the scourge of war, which twice in our life time has brought untold sorrow to mankind, and..."

Subsequently, Universal Declaration of Human Rights was adopted in 1948. The two covenants — the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights — came into being in 1976 to make Declaration of Human Rights as binding.

The European Court of Human Rights and the Inter-American Court of Human Rights are in operation to hold trial for violation of Human Rights. Besides, there are many non-governmental organisations like Amnesty International, Asia Watch etc. to raise voice and pressurise governments of the countries concerned to comply with Human Rights Law.

But since the adoption of the solemn charter of the United Nations, the Universal Declaration of Human Rights and the declaration on the protection of women and children, Human Rights are being violated, time and again, by many developed and developing countries disregarding the principles and objectives of the UN charter and the declaration to which

the member countries of the world body are signatories.

Indiscriminate killing of civilians including women and children, inhuman torture of men and raping of women by Serbian and Croatian forces in Bosnia-Herzegovina continue unabated under the very noses of UN peace keeping forces.

It was never reported that Bosnian Muslim soldiers resorted to such criminal activity despite being equal partners in this conflict. Against the backdrop of violation of Human Rights the so-called civilised part of the world are watching the drama and debating on the *modus operandi* to resolve the situation in the strife-torn state. Two years' traumatic events in Bosnia-Herzegovina is long enough to be endured by the people in the area.

In view of flagrant violation of Human Rights by the Serbs there is no justification of having international covenants, courts or human rights law, if the oppressors, be it Serbs, Croats or Muslim go unpunished.

Although conceived as an instrument of international government against aggression, the United Nations, by all accounts, became an instrument of the big powers to protect their national rights alone. As Prof Hans J Morgenthau, a political scientist of international repute, has rightly pointed out that the whole structure of the United Nations, as laid down in the main body of the charter, was based upon what one might call paradoxically the "sovereign inequality" of its members. The Security Council, which is the political executive of the United

Nations, continued arms embargo on Bosnia-Herzegovina despite appeal by 51 member countries of OIC and the NAM member countries. As per article 51 of chapter 7 of the United Nations Charter, a member state of the world body has "the inherent right of individual or collective self-defense if an armed attack occurs against a member of the United Nations". In this case the Serbian state in collusion of a section of the population of Bosnia-Herzegovina continued aggression against a member of the United Nations and Bosnia-Herzegovina was illegally debarred from importing arms to defend herself. One concedes to the contention of the Bosnian ambassador to the United Kingdom that "the United Kingdom has aided and abetted the ongoing genocide against the people and the state of Bosnia-Herzegovina by actively opposing all the efforts by other states to lift this illegal arms embargo".

An International tribunal which was set up to hold trial of the war criminals in the strife-torn state of Bosnia-Herzegovina and Croatia is yet to start its activities.

This being the state of affairs the world community should evolve means to return the territories occupied illegally by Serbs and Croats to the government in Bosnia-Herzegovina and resettle those who left their country with honour and dignity. If we look at the past animosity between Serbs and Croats in particular, Serbs would not be able, under any circumstance, to stay with Croats. Therefore, it would be fair for the Serbs in Bosnia and Croatia to migrate to the Serbian state to settle there before the entire region is engulfed, may be, in a more bitter conflict.

like rail and air communication. Power Development Board, Telephone, WASA etc. These service bodies require revolutionary improvement so that they can render their services at the expected level of satisfaction. Presently the ghosts of inefficiency and corruption are riding those bodies leading to wastage of huge resources and thus crippling the economy.

Efficiency and effectiveness of the administration would be judged by the speed with which they can improve functioning of these bodies. People are very apprehensive that in the face of huge pressure by very strong unions, the democratic government may not be able or willing to take drastic steps to fully mobilize these services. And here is the crux of the problem.

Strong leadership has earned worldwide support and recognition. That is why, in the Pacific base in newly industrialized economies like South Korea, Taiwan, Hong Kong and Singapore have emerged. Others like Thailand, Malaysia and Indonesia are also fast emerging. Even Vietnam is showing its colour by vigorous achievement these days. Should our leadership hang on the rope of power by passivity, this coun-

BTV debate on Anti-Terrorism Act

Sir, The National TV Debate competition on Anti-Terrorism Act was shown on the television at 5-55 pm on 11-1-94. The competitors were the students of Shah-Paran Hall of the Shahjalal University, Sylhet, led by their group leader, Master Intiaz Ahmed Faruque, and the students of Al-Baruni Hall of Jahangirnagar University, Dhaka. I, very keenly, watched the whole debate and was highly impressed with the standard of speech supported by appreciable points and facts put forward by the students.

However, the result of the debate, announced by the chair, was quite surprising. In this connection, I would like to mention a few facts. For instance, (1) among the judges, one professor of the competing Jahangirnagar University was included, whereas no professor from Shahjalal University was included; (2) as per normal practice, the group leaders of both the competing Halls are allowed to speak second time after completion of speeches of all members. But in this case, we noticed, there was an exception. The leader of the Al Baruni

Hall was allowed by the chair to speak for over ten minutes, whereas as the leader of the Shah Paran Hall of Sylhet was not allowed to speak.

Will the Television authorities have the courtesy to clarify their position in this respect through your esteemed daily?

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Ahsan Ahmed Ashk

Sir, I was very happy to read what Zillur Rahman Siddique wrote about Ahsan Ahmed Ashk. I remember him as a fine, debonair young man just appointed a lecturer in Urdu to the Presidency College, Calcutta where I was a student in 1945. True he was more attuned to the people from UP, culturally. But basically he was a fine human being concerned in the welfare of the people at large.

Being a diabetic I have to go to the Diabetic Association frequently and I had often seen him looking after the sick and the needy. He never went for the limelight. Language and culture should never become a barrier to the understanding of men.

S M Ahsan
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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.

Precondition for Take-off

Sir, Next to law and order is the importance of infrastructure in economic development. It is known to all that without a dependable infrastructure, talk of development is meaningless and it is the responsibility of the Government to develop infrastructure.

Roads and highways are the most vital infrastructure. But here the country's deficiency is most visible. Even in the capital city of Dhaka road is the most important problem in many localities. Some localities do not have anything worthy of being called road. Many of the city roads are virtually unworthy for automobiles. The highways are also in no better shape. In the outlying districts and thanas, many places have no concrete roads even. It is a real pity that Government is not laying so

much importance on road construction and its proper maintenance. Actually, mobility (road communication) and illumination (electricity) can revolutionize the economy of any country and if these two basic needs can be properly achieved, economy is bound to move forward through maximum utilization of productive capacity and marketing of the products. It is also a pity that Government has been spending billion of Taka on projects of questionable utilities rather ignoring this basic necessity. People eagerly hope and demand that the government would soon amend its policy and give highest priority to construction of more roads throughout the country and their efficient maintenance. Much of economic development depends on efficient functioning of service infrastructure

BTV, Radio and Viswa Ijtema

Sir, The annual Viswa Ijtema, the second largest congregation of Muslims after Hajj, is to be held at Tungi, from 15th January. Millions of Muslims from Bangladesh and from its neighbouring countries attending this grand assembly would seek divine mercy for here and hereafter. Bangladesh Television and Radio Bangladesh world earn the respect and gratitude of those millions, if they, at least telecast and broadcast, live, the Akheri Munajat session of the Ijtema so that, many can join the Munajat even while at home. It will be easy job, if the authorities have the will to make it.

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