

## Message from Paris

This year's Paris Consortium meeting was one with some significant differences, compared to most of the previous ones. For one, Bangladesh went to it comparatively better placed to argue its case, being greatly buoyed by the macro-economic discipline it has been able to bring about. The fact of low inflation rate scored high marks with the donors who had hardly thought it possible. The higher percentage of domestic share of the development 'kitty', which is in effect the result of greater domestic resource mobilization, was also something that Finance Minister, Saifur Rahman, could put forward as example of the success of his economic policies.

All this, and the gradually unfolding reform policies, have earned Bangladesh a position that Saifur Rahman describes as "fully satisfying and respectable." We are glad that our Finance Minister brought out the issue of 'respect' in relation to the Paris Donor Club meeting, and are happy to hear that our aid givers have started to treat us with the respect that we deserve.

However, we have to point out that the Finance Minister was being quite selective in pointing out the outcome of the Consortium meeting. Serious concerns were expressed by the donors at our shameful implementation rate. The delay in our project implementation, and the low rate in the realisations of the Annual Development Plans, remain at a totally unacceptable level. In fact the very argument that we are a country facing serious development challenges loses credibility when we fail to use the resources placed at our disposal by the international community.

The Paris meeting has raised three very vital issues: that of administrative reforms, human resource development and women's education. The slow pace of progress in the area of administrative reforms speaks volumes about our inefficiency or incapacity to "put money where the mouth is" — meaning doing that what we promise. We are aware of the UNDP Report on Administrative Reforms prepared at considerable cost and with the involvement of international and national experts, which has been making the rounds in the bureaucratic maze without any action being taken on it. Saifur Rahman's promise of activating the relevant committee to finish its work will be taken seriously only when we see something being done. For the moment, we remain sceptical.

About the other issues of human resources development and that of women's education, time has come that we start talking about these issues more candidly. Budget allocation and government initiatives may be the necessary conditions. But they are far from being the sufficient ones to see the type of change that we want, and more importantly, need.

As figures go Bangladesh got US\$ 2.1 billion, which is US\$ 130 million less than last year's, but more importantly, it is equal to what Bangladesh had asked for. As experience has taught us, this pledge at Paris is more symbolic than real. Ultimately, the fund which will be made available to us will depend on the bilateral negotiations, and the project by project approval at a later stage. However, being of symbolic value, the pledged amount does help to create a sense of confidence in the economic growth of Bangladesh. To that extent the pledge for US\$ 2.1 billion is a satisfactory figure which, while keeping the flow of external resources, indicates that we are in the process of needing less and less of it.

There are two donor concerns which are very important, and ones that reflect our own. First, the inadequate performance of the government in terms of delivery — both in the case of policy implementation, and in the case of governance. The reference to law and order is one that we have highlighted on numerous occasions ourselves. Second, is the image problem of Bangladesh as a country prone to natural disasters, and whose image is further negatively affected by the news of frequent hartals and work stoppage. The former concern refers to the government, while the latter refers to the opposition. We would underscore both, the latest message from the Paris Club. We think it will serve us well, if we seriously pay heed to them.

## Gamble in Gorazde

As expected the North Atlantic Treaty Organisation (NATO) has set a deadline of one hour GMT on Sunday for Bosnian Serbs to withdraw their heavy weapons from around Gorazde. Any non-compliance of the three conditions set by the NATO will invite air strikes by the alliance on Serb forces. The conditions are the cessation of Serb attacks on Gorazde, particularly on the civilian population, withdrawal of Serb forces three kilometers from the centre of the town and allowing unhindered entrance of UN forces in Gorazde along with safe medical evacuation.

The important question now is if the threat of air strike will be enough, specially when the alliance's fighter planes have already bombed Serb positions and the Serbs have shot down two of the alliance's British jets during their routine reconnaissance exercise, to make the Serbs behave. The fact that such a threat worked in case of Sarajevo in February gives no guarantee this time for the Serb forces to give in. Of the six safe areas, Gorazde is one and it is here the United Nations and NATO have faced their toughest challenge so far.

It is not for the first time that the Serbs have broken promises and shown defiance to the opinions of international community. But certainly, this time they are committing an aggression not only against the Muslims but the UN and NATO also. In fact, they have taken hostage of UN peacekeeping forces and are treating them as enemies. This is despite Russia's sincere attempt to bring sanity in the Serbian approach to the whole conflict. Russia's special envoy, Vitaly Churkin, after his failure to persuade the Serbs to listen to reason, commented that the Serbs were in love with the madness of war.

Now the UN, NATO and the US must recognize the flaws in the strategy so far worked out to resolve the crisis. The strategy has been to pressurise the Serbs to the point of its returning to the negotiating table. The Serbs perhaps know this. Both the NATO and the Serbs also know that without full commitment of ground forces, the air strikes, as carried out, will not make the Serbs capitulate. Reportedly, the Serbs have once again agreed to abide by the NATO demands. But how long and how far they will respect the formula will determine the course of history in that war-torn country. Meanwhile, the NATO must be prepared to keep all the options open to get the best results.

# Making the Service Sector More Serviceable

by Abdul Bayes

DESPISE the fact that the service sector in Bangladesh, as elsewhere in the world, has been burgeoning over time, there appears to be very little academic exercises on the growth and development of this vital sector. Vital because the sector continues to account for the largest slice of our GDP, averaging about 45% and employing about one-fifth of total labour force in the country. This compares with the contributions of 38 and about 17 per cent of agriculture and industry, respectively. For employment, the shares of agriculture and industry are about two-thirds and 15% respectively. Available time series data tend to reveal that, during the period 1976-1991, the sector grew at a compound rate of 6% per annum, falling behind construction (7%) but marching ahead of the growth rates of agriculture (about 3.2%) and industry (about 5%). Although many other countries such as Thailand, Korea, Sri Lanka, Pakistan etc. have also been experiencing a service boom, but its rate of growth, unlike in Bangladesh, has been lower than that of the industrial sector.

As we all know, the service sector, or the 'tertiary' as some would like to call it, goes to include all economic activities other than farming, forestry and fishing (called primary sector), mining and

manufacturing (secondary sector) and public utilities (tertiary sector). It embraces heterogeneous activities spanning from hair cuts to sophisticated data processing, from 5-star hotels to mobile tea stalls on the way side; from jet planes to rickshaw vans, from household management to state management etc.

The largest sub-sector of service sector in Bangladesh is reported to be Transport, Communication and Storage accounting for about 27% of the sectoral total followed by Professionals and Miscellaneous services (22%), Trade services (20%) and Housing (17%). Other components include Public Admin and Defence (9%), Banking and Insurance (4%).

Both demand and supply factors contribute to the growth of the sector. On the supply side, major factors are: (a) industry multiplier effects on employment output and income; (b) rising income elasticity of demand for the services' product; (c) international trade volumes and (d) the government expenditure on services i.e. its consumption. The important actors on the supply side are: (i) surplus labour in rural economy; (ii) increased urbanization and (iii) other factors.

The economy of Bangladesh, over the years, has been undergoing structural change mostly reflected in the

declining share of employment and output in the agricultural sector, almost constant industrial output and labour absorption but a rise in the service sector on account of these two variables.

Household service expenditure as percentage of total monthly expenditure increased from about 11% in 1973/74 to 16% in 1988/89. For urban areas, the change has been from 18% to 26% as compared to the rural areas. 10% to 14%. The bottom 89% of households absorb 15% of total services output while the top 11% consume 85% of total service consumption, depicting perhaps a skewed distribution of service consumption in a society of skewed income distribution. However, notwithstanding income strata, housing services tend to swallow 60% of the total service expenditure followed by personal expenses and recreation. The expenditure elasticities of service items are, in most cases, greater than one and that is more so in urban than in rural areas. The intersectoral linkage co-efficients of service inputs with other sectors of the economy and among its own sub-sectors have been observed to be highly significant (Source: BIDS Study by Dr D K Roy).

For the last three decades or so, the world economy has

also undergone rapid structural transformation. The service sector, which could draw no attention in most economic discussions has been one of the most important contributors to this transformation. In the US 70% of national output originates from this sector while in western Europe, it is 55-60%. In many developed countries, 60-70% of the employment takes place in the service sector.

Largely neglected by analysts and policy makers until the mid-1980s, global trade in services increased significantly. Services now constitute about one-fifth of the global exports (merchandise plus services) constituting some US\$800 billion in 1990. The world service trade is mostly dominated by the US and few other developed countries, some of them may also be called service economies. Since services are often labour intensive, developing countries also should have comparative advantage in the production of service goods. The higher relative prices of services in the developed countries also tend to support the contention. However, sometimes the supplier has to move to provide the services and hence, in the absence of labour mobility, the benefits of such comparative advantage remain untapped. Of the total service exports from Bangladesh, 78% is accounted by private and official transfer account followed by other services and income and investment income. Of the private transfer over 90% is account by remittances from abroad. It may be mentioned here that the present surge in reserves is, to a larger extent, attributable to smooth flow of remittances and hence responsible for an improvement in the current account imbalance.

Like the trade in goods, the trade in services is also constrained by various barriers. The US has been the vanguard of a move to liberalise service sector because of its growing share in service trade. Of course the US wants this in exchange for the liberalisation of goods for which its comparative advantage has been eroding. It should, however, be remembered that the US speaks for high tech services trade in which it has got definite edge but not for the labour intensive services where temporary labour relocation is needed and which could benefit the developing countries. Underdeveloped countries are hardly to be beneficiaries of liberalisation from capital-related services such as banking, insurance trans border data processing etc.

Coming to Bangladesh, the growing service sector is mostly located in the informal

## Peace Brokers Compelled to Face Communal Legacy

by Rumi Noman

IT would not be very irrelevant to say that the Hebron massacre was not unexpected. Because there was an apprehension of actions destroying the peace as the radical fundamentalists from both sides were blaming the PLO-Israeli peace accord. Although according to the western media this communal high tide was mainly from the Arab side, but it is also a fact that the fundamentalist Jews were shouting enough against the peace settlement.

With the signing of the PLO-Israeli accord in mid-September '93, the situation was radically changing. Seven of the ten groups affiliated to the PLO had opposed the agreement and boycotted PLO proceedings. Even the Israelis, who signed the peace deal with Arafat were now rumoured to be more interested in making peace with the radical Palestinians, including the Hamas group. So, one may now also ask how far the PLO chairman was prepared for the consequences of the peace deal with the Israelis? Because, if Arafat insists that the PLO-Israeli deal is the first step toward creating a Palestinian 'homeland', it would surely require the building of a state and society and, above all, a different kind of leadership. Is there visible any shift in winds over the world of the Arab politics?

### Hatred and the Bitter Past

Political peace has to be carefully examined at the national and international level. As far as national politics is concerned, the foremost issue is which political system is good or bad, for the people. Again it is necessary to discover whether it is the failure of political systems and their inherent defects which are responsible for the miseries and dissatisfaction of a people. And

### Communal Terrorism

Now, in the contemporary

world, terrorism is a global problem and needs to be studied in its larger perspectives. Unless we understand the forces behind the violence, we shall not be able to understand why some communal groups and states are turning to terrorism to achieve certain objectives. We are fully convinced that almost every form of communal violence witnessed in the world today, wherever that is and whatever cloak it wears, is essentially political in nature. First, religion may not itself be the exploiter, it is rather exploited by internal or external political interests. We find terrorism generated by racism — but that too, in the final analysis, is essentially political in nature. There are other small expressions of terrorism born out of rebellion and hatred against prevailing social systems and cultures. These are generally regarded as acts of madmen and anarchists. There is also a special kind of terrorism which is related to the Mafia's struggle for supremacy — directed by certain factions against other factions within the Mafia. Obviously, this terrorism is a power struggle and therefore political. When we examine so-called 'communal terrorism', we discover political forces working behind a 'religious facade'. But more often than not, the real manipulators and exploiters are not even bent to their religion. It is also true that these communal groups were carefully nourished and brought up by their colonial masters all over the world.

We know that the present Middle Eastern situation is more complex than before and the area has become a fertile ground for terrorism. But against the American propaganda of 'world wide Islamic

terrorism' an interesting speech was given by Pakistan's interim Prime Minister (May '93) Mazari. He said, "The United States has a special interest in this network of fighters, because at least three of the suspects in the February 26, 1993 World Trade Centre bombing in New York also are alleged to have Afghan connections. But every move against these groups in the Muslim world is fraught with political complications." He also reminded that "the Arab militants were originally trained and financed by the Americans. They were the people who began all this, now they pull out and we are left to deal with it." (News Week, 31 May 1993).

Though Mazari's statement proved Pakistan's self-reliant involvement in the fields of terrorism, but it also proved the western connection with these terrorist network all over the world.

### The Hebron Killing

According to the western news media killer Goldstein was a religious boy in Bensonhurst, his middleclass neighbourhood in Brooklyn. The piety of his orthodox Jewish family set them apart from more secular Jewish neighbours. His (Goldstein) faith seemed to draw him apart from others into an otherworldly solitude. If there was a tongue of flame in his heart, so much as a flicker of anything like bloodlust or fanaticism, no one noticed it then. It was also said that Goldstein's religion became indistinguishable from his rage.

But it is a fact that he was full of hate and repeatedly threatened to do precisely what he did on that fatal

Friday : "Kill as many Arabs as possible to settle 'his people's scores'". But the fact which makes us curious is the role of Goldstein and his mysterious death. According to news reports Goldstein was a head of the local emergency medical team. And the photograph of Goldstein with wounded Israelis in various western newspapers tried to show him as an active humanist doctor. And they also mentioned that some who knew him said — Goldstein experienced an emotional crisis when two of his friends and his 19-year-old son were killed by the Arabs. After it, he became fanatic and expressed to retaliate it. So, the question is being a retaliative person, how could he be allowed into the mosque wearing a olive green army uniform and with a rifle? Here is not the end of mystery. After he had killed the worshippers, he was also killed there among the crowd. And the confusion outside the blood soaked shrine lasted far longer than that. Some of the worshippers were killed by the Israeli soldiers aimed at the chaos that Goldstein started though the Israeli TV said that they had to open fire to save doctor Goldstein. Now, if the Palestinians call it a 'planned killing' it would not be wrong. As the New York Times says, "This was no simple crazy act. Goldstein was a fanatic who took precise steps carefully calculated to reach a clear goal. Presuming the American born doctor intended to kill the Palestinian-Israeli peace process while avenging what he considered crimes against Jews, he chose time, place and method well to produce the most inflammatory effect possible". (Time, March 7, 1994). Goldstein is dead now, but will this ugly communal activities be stopped in this sensitive land?

And the Hebron killing proved that it is unfair to call others 'communal', or 'terrorist' before making the callers themselves secular humanists.

**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.**

### Renewal of Friendship Treaty with India : Kibria replies

Sir, I have read with interest the comments made by Mr Saluddin Quader Chowdhury, published in your April 17, 1994 issue on my article on the Indo-Bangladesh friendship treaty. Mr Chowdhury seems to be pleased that the President of the Bangladesh Awami League has taken the right decision on the question of the renewal of the treaty. However he is less pleased with the suggestion that the treaty has not only served its purpose but it was a wise precaution in the context of the situation prevailing in Bangladesh in early 1972.

While people generally talk to others, a few privileged ones talk to other people. I did not mind his making the pronouncements on the subject from an Olympian height. After all he is a member of our Parliament and as a retired diplomat and international civil servant I have learned to defer to the public representatives when they choose to share their wisdom with us. But a few of his remarks seem to betray some confusion which need to be clarified. For example, he does not seem to understand why

from our shores ! Only the razakars were pleased with the menacing presence of this force near our shores. Besides, Pakistan was not reconciled with the loss of its possession of the eastern wing and was actively working to undermine the independence of Bangladesh. As regards internal foes of Bangladesh, I am afraid Mr Chowdhury takes a view which is not only different from mine but is also at variance from widely shared public perception.

The razakars were not hiding "their miserable hides from the wrath of the victors" but actively conspiring against the newly independent country. Did these forces not kill the father of the Nation in August 1975 and bring back the razakars in the centre of Bangladesh politics? Late Shah Azizur Rahman pleaded for Pakistan and against Bangladesh in the UN general assembly in 1971 but only eight years later, in 1979, he was installed as the Prime Minister of the country! So the fears about subversion of the country's independence was not unfounded. In a strange twist of fortunes, even today we have to see razakar occupying some of the most exalted offices of the republic. We see some of them in the august chamber of the Parliament too!

Despite these inroads made by the razakars in some pockets of power and influence, to my mind, the situation is vastly different today. We have excellent relations with all the great powers including the United States which, under Nixon and Kissinger, took a

negative attitude towards our aspirations for independence. The people are vigilant. It is the vigilance of the people to defend their hard-won independence which will act as the shield. Against the background of the current national and international situation the renewal of the treaty is not necessary. It is a carefully considered decision by the Awami League.

National interests will not be served by injecting extraneous or irrelevant issues or by insinuating that the people of Bangladesh have a deep-rooted enmity against India. Self-serving politicians have often tried to take advantage of the communal legacy of our history but I have no doubt in my mind that they will fail.

Shah A M S Kibria  
Dhanmondi, Dhaka

### Return of a passport

Sir, I enjoy your editorials and admire your views; often reading them to my family, and recommending them to my friends. But on reading return of a passport' on 23 April '94, I could have died of 'Lajja'.

Without arguing whether I am prejudiced against (Ms) Nasreen, or you are a zealous championing her—it's shocking that you appear to condone violation of existing rules of the land, and also share her pride for her being better known as a 'quill-driver' than a healer. The fact that a huge amount of the state's and taxpayers' money is spent for a

graduation cannot be debated; neither the fact of the extent of service that can be rendered to the society by the quill or the syringe.

You are so naive in supporting your attitude by saying, "Nasreen has become one of our nation's best known citizens abroad. So are many other famous persons! So what ?

And while we're on the subject I can think of two other 'desi' ladies of some international fame (a magician and a sculptress) who were fighting about it much before your idolized "quill-driver" started writing about it. Were you so vocal about them?

M Haque  
Dhanmondi, Dhaka

### AIDS awareness in Bangladesh

Sir, The undersigned has noted articles in The Daily Star and other papers on the subject of AIDS in recent days. As a Bangladeshi who has lived in an African country for the past twenty years, I am only too aware of the total mindless havoc the Acquired Immunity Deficiency Syndrome (AIDS) has created in its socio economic structure. To watch one's close friends die one by one, brings home to roost the dangers of complacency in tackling this silent but terrifying disease.

Realising the urgency of anti-AIDS research and education, the undersigned and his wife, in early 1987, undertook two fund raising events which

raised approximately US dollars one thousand under the "Naima Rahman AIDS Research" fund raising project. Despite this small attempt, and other major programmes subsequently undertaken by donor communities, people have been dying in alarming numbers in this African country.

During my current visit to Dhaka, I have been appalled to note the complacency and ignorance among even educated members of its society. In respect of AIDS and have felt a great sense of "deja vu" and impending disaster unless something is done, and soon, to educate the Bangladeshi masses on the extreme dangers of this deadly disease.

Bangladesh is exporting more and more of its manpower separating husbands from wives, and sending them off to countries without the same rigid moral and religious codes they face at home. The more elite members of society find themselves travelling more and more often to exotic places all over the world. Both these sectors of society, with human nature being what it is, could easily be importing this lethal virus in a manner no Customs scanner can detect at points of entry.

By means of this letter, I would strongly urge the authorities to undertake early and major prevention measures if it is