

## USAID's New Clients

An IHT-circulated report on the United States Agency for International Aid (USAID), carried in a vernacular daily here yesterday, has come up with startling disclosures. The aid this agency was used to providing for developing countries like Bangladesh has now found new clients in the United States itself. These clients are America's inner cities and their needs are as pressing as those of the third world countries. In the cold-war era the USAID used its foreign aid or vaccination programmes in those countries as part of its fight against communism. In the changed reality, according to the report, pockets of inner cities of Los Angeles, Boston and Baltimore are increasingly demanding the agency's attention.

It was bound to happen. America's compulsion in the absence of the cold war has also, of necessity, to be made subject to review. In recent times the USAID has come under scathing criticism in Washington. So the agency is now compelled to justify its existence as a welfare body to the American tax-payers. And what better opportunity than helping the inner cities' pockets that compare favourably with the Third-World shanty towns, can the agency hope for? So pressed are the mayors of different cities in the US with the problems of their inner regions that they are ready to accept assistance from sources without making their option known. Even they would not mind if parts of their cities were compared with the Third World in the bargain.

So the desperation of the inner cities there needs no further elaboration except perhaps the mention of a few facts that show in some areas the US poor are worse off. For example, only 40 per cent of children below two years of age in the inner cities are immunised against measles; whereas for Egypt, the Philippines, India, Sri Lanka and Indonesia the rate is 70 per cent. Another marked difference is that the US inner cities are troubled with young mothers with children born out of wedlock. As promised in his 1992 election campaign, Bill Clinton has sought to address the problem through his universal health care programme and welfare plan. But he faces opposition from both conservatives and liberals in the US Congress and Senate. Clinton's stake in it is great. So, apart from doing his best to make his opponents convinced of the merits of his plans, he now sets his eye on bringing radical changes in the USAID.

This makes sense. For a president, who came to power with pledges for solving domestic issues, it is vitally important that he succeed on both counts. But reforming the USAID would not necessarily call for diverting its fund from foreign aid to domestic need. In that case its international character has to be compromised and it must be shaped to play both its domestic and foreign roles. How it will emerge in the coming days is not known but a president known for his penchant for reducing aid dependence may advocate for more responsible and efficient use of the assistance. In fact, the bottom-line of his welfare plan is to make the users adequately productive and responsible. Both his health care and welfare programmes are based on this principle. Foreign policy may not be the US president's strong point, but he cannot turn a blind eye to it. The political leverage of the USAID is not in order now to the extent it was during the cold war era, but still it can be used for helping the democratisation process in many countries of the Third World and East Europe. Clinton knows that well.

## Let Him Reform and Come Back

It can very well be that a billion and more football aficionados all over the world are the unluckiest of all in the latest patch of bad luck that has struck World Cup '94. Unlucky are Argentina for it is hard to say if they would survive the shock of losing Diego Maradona at the very start of the second round. Unlucky for the tradition of football's fair name is the fact that its most haloed superstar should be sullying its record of being a rather drug-free zone. Shall we count the fallen hero as also among the unlucky ones? Hasn't he claimed to have had a harmless recourse to doses of nastasol or some concoction supposed to relieve some bronchial problem and incidentally containing traces of the contraband ephedrine? For the inhabitants of this subcontinent ephedrine had been a kindly reliever of the nuisance of a nasal congestion and does not at all appear to be a dangerous drug. It is very easy as such for us to feel like ah-ahing for the poor fellow who could have been quite likely a victim of circumstances.

Not to speak of FIFA, who are agreedly no angels everywhere and all the time, the Argentine football authority itself have not hesitated to look at the case, of Diego's proven use of banned ephedrine from a position of stern fairness upholding the FIFA motto of fair play — and to send back home the fallen god. But, however correct FIFA and the Argentines may be in scuttling the phenomenal Diego Maradona, and however wrong it may be to weep over his farewell in shame, millions upon millions will indeed be grieving for many years to come over their matinee idol ending up in irrecoverable disgrace. Such is the reality or may be the bad element in mass-appeal competitive gaming sport. So very unlike athletics where the disgrace of a far more achieving — 100 metres in 9.83 seconds — Ben Jonson was not wept over even perhaps by a handful of even his mad fans. What mass-appeal games make of their heroes — raising them to Olympian heights of infallibility — is being demonstrated right at this moment in the US over the American-football hero O J Simson's arraignment for murder.

While a word of appreciation for the Argentine uprightness, painful as it must have had been, is well in order, what are we mourning over Diego for? He is far from reaching the age of 42 at which Roger Milla has scored a goal in the world finals — and he has all the freedom for mending his ways and coming back in a matter of months? He will find a worshipful billion to welcome him back ecstatically. After all not one of his fans is known to have defected even after Diego's celebrated second goal by 'God's hand' was proven on his own admission, to be a piece of handicraft by a poor sinner called Diego.

The question, however is, can Diego reform?

# Foreign Aid and LDCs: Facts vs. Fictions

by Abdul Bayes

THE traditional Two-Gap theory of foreign aid posulates that, at the nascent stage of a country's development, the recipient is constrained by shortage of foreign exchange and domestic investible surplus. Inflow of resources from outside could fill in the saving-investment and foreign exchange gaps and thus help generation of growth, employment and alleviation of poverty. With growth so generated, per capita income would rise and ceteris paribus, domestic savings and investment would also increase and thus lead to self-sustaining growth and development. Needless to mention, the theory implies some behavioral assumptions, implicit and explicit, both on the part of the recipients and the donors, absence of which, might be tantamount to a divergence between the theory and the practice. For example, first, the availability of the external resources is assumed to be a kind of 'filler' that would gradually dissipate with economy's growth. Second, the 'filler' is considered to be a supplement to and not a substitute of domestic resource availability. Third, the aid money should be spent in growth augmenting projects etc.

While the theoretical justification of aid-growth nexus is well understood, the practical results, however, seem to disturb economists, politicians and social thinkers. It is being hypothesized that availability of foreign aid at concessional terms told upon the indigenous capacity of the recipient to generate more resources of its own through undertaking painstaking process of more taxation and people's participation in developmental activities. Aid has further been im-

pllicated for being used as leverage by the donors to impose conditionalities which distance from the realities of the recipient's peculiar socio-economic imperatives. The proponents of aid, however, tend to argue that a comparison of 'with' and 'without' situation would justify the case for foreign aid and much of the pitfalls emanate from the low absorption capacity of the recipient — a mere function of its political and bureaucratic wills.

### From the poor to the rich

There is an old jibe about aid, 'poor people in rich countries helping the rich in poor countries'. The Economist (May 7-13, 1994) tends to argue that there is a lot of truth in this old jibe and donors are advised to learn from past mistakes if they mean to help poor countries now. Let us look at few statistics. Since 1960, about \$1.4 trillion (in 1988 dollars) is reported to have been transferred from rich countries to poor ones. The richest 40 per cent of the developing world gets about twice as much per head as the poorest 40 per cent. The ten countries that are home to two-thirds of world's poorest people receive only one-third of the world aid.

Big military spenders get about twice as much per head as the less belligerent. El Salvador gets five times as much as Bangladesh even though Bangladesh has 24 times as many people and is five times poorer than El Salvador. It appears then that there are not in fact two-gaps of aid but many more gaps that aid tends to fill in and also that the quantum of allocation, in many cases, depends more on political considerations than on eco-

conomic imperatives of the LDCs

### Where does aid flow?

There is a lot of criticism hovering the quantity and quality of aid so disbursed. Few years back, a World Bank study reckoned that of all the aid going to low income countries, only 2 per cent went to primary health care and 1 per cent on population programmes. Within health and education, a relatively larger slice goes to benefit the disproportionately better-off. Aid for health care goes to building cosy hospitals (e.g. about one-third of Japan's bilateral aid for health went on building hospitals) and for education in universities. For example, in Sub-Saharan Africa during the 1980s, only \$1 of ODA went to each primary pupil, \$11 to each secondary pupil and \$575 to each university student. In the recent years, there has been some marginal improvements in the allocation criteria but these still remain pro-rich and anti-poor.

The interesting episode in this context is that these priorities, are being decided by the recipients themselves despite donors' occasional persuasion to do it differently. However, the failure of the donors to trim LDCs hinged on their aid motives which, as said earlier, resided far from the arena of poverty alleviation. The motives of giving aid mostly derived its premise from national security that most governments are coy about. The fact that Israel and Egypt grab a larger chunk of the US foreign aid budget as military assistance is a clear pointer to this.

The cat and the milk story Many of us, perhaps, heard the story. A man wanted to know about the milk that he kept in a pot and the smart wife quickly replied that her pet cat swallowed the milk. The husband, a smarter one, then and there placed the cat on a weighing scale to see the difference in weight and observed that the cat weighed the same even with the alleged drinking of milk. He stared at his wife and said: if the cat had drunk the milk, where is the additional weight and if it had not, where is the milk?

Similar reasoning could possibly be applied to the case of foreign aid. If foreign aid is received to promote growth via filling saving-investment and foreign exchange gaps, then there should be significant difference between 'before' and 'after' situation with regard to aid. In many of the countries of Sub-Saharan Africa, for example, aid constitutes 5 per cent of GNP but GDP per head has virtually been flat for a quarter of a century although in some of these countries e.g. Cameroon, Kenya, Zambia, Tanzania etc investment as share of GDP (about one-fifth) compares favourably with some South East Asian countries like Indonesia and Thailand.

On the other hand, few countries also had respectable growth rates with little foreign aid. Available researches tend to adduce three main factors to the high aid-slow growth syndrome. First, many of the countries receiving aid appear to have unaccountable and non-transparent system of governance so much so that the utilization of aid money never faces scrutiny; second, aid is found to closely follow the market or strategic interests of donors to override the interest of the receiving coun-

tries; and third, the negotiators of aid for LDCs are most often less equipped with technical knowledge so much so that donors impose conditionalities which are in some cases unfriendly to the imperatives of the LDCs.

It is perhaps fair to argue that a country with a relatively accountable and transparent governance and a fleet of well equipped technical hands are likely to benefit more with aid than those without.

### Bangladesh scenario

The Bangladesh Economic Survey 1994 reports that Bangladesh so far received a cumulative total of US\$ 27,519 million as aid of which about 52 per cent constitutes loans and 48 per cent grants. Foreign aid constitutes about 6 per cent of GDP. A year-wise break-down would place US\$ 1,196 million per year for a simple growth rate of about 6 per cent per annum spanning over 23 years. In per capita terms, it implies a debt of US\$ 231. About 17 per cent of export earnings and 10 per cent of foreign exchange earnings are being spent each year to pay for debt related bills. The country's GDP is now growing, on average, at 4.5 per cent per annum and the per capita GDP is roughly US\$ 220. The rate of investment is around 14 per cent while the rate of savings just about 7 per cent. By and large, Bangladesh continues to be one of the least developed countries of the world.

Since our inception as an independent state, the role of foreign aid in economic development has long been shrouded with controversy. To what extent aid was useful in terms of growth and poverty alleviation is a serious question

confronting the policy makers. Available literature tends to focus the economics of 'misuse' rather than the economics of 'non-use' of aid.

Aid was perhaps never avoidable given the socio-economic imperatives and the class character of the ruling oligarchy. Misuse of aid proved more counter-productive than was expected. The reasons are not far to seek. For most of the period, the country was ruled by autocratic regimes without any accountability of actions and transparency of policies, whatsoever and, as a result, aid money could not be properly used. Such regimes also heavily banked on civil and military bureaucracies in the negotiations and use of aid money. They quite naturally, drew aid money to the interest of their class. With the establishment of elected government and parliament, we observe certain improvements in fund utilization and domestic resource mobilization. However, allegations regarding corruption and under-utilization of project money should be heeded and actions taken in proven cases. It is hoped that more accountable and transparent government policies would help productive utilization of aid money. And, to live without harsh conditionalities from donors, Bangladesh needs to develop its own technical capabilities and harness more of its own resources. In the design and implementation of projects, more active participation of people is required through strengthening local government institution. The question then should be how much of, rather than, whether aid is required.

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## The Brahmin who Became a Bugbear

D K Joshi writes from New Delhi

Conducting peaceful elections in the world's largest democracy is a daunting task. But for T N Seshan, India's Chief Election Commissioner, it is a challenge which he seems to enjoy. He has already introduced many electoral reforms. He is fighting for more. Gemini News Service profiles the scholar-bureaucrat who has won many admirers and earned some powerful enemies



T. N. SESHAN  
'I am only a political umpire'

be symbolic of the cleaning up of the entire poll process. 'Is there a fundamental right to dirty the country?' he asked.

\* Banning use of loudspeakers before eight in the morning and seven in the night during poll campaigning.

\* Outlawing unlicensed weapons during the period of the polls.

\* Strict monitoring of the candidates expenditure to ensure they kept within the prescribed limit of Rs 150,000 for contesting a parliamentary seat.

\* No use of government transport during campaigning. Seshan postponed Uttar Pradesh by-elections on May 26 after he received complaints that Chief Minister Mulayam Singh Yadav had used an official helicopter for campaigning.

The impact of his directives was felt in the recently held parliamentary and assembly by-elections, which were more peaceful and less wasteful than usual.

To stop false balloting he would like to introduce identity cards for each voting member. 'No photo-identity cards, no elections' after 1 January 1995, he has said. But the government is not yet ready to incur the huge expenditure required to prepare I-cards for around 500 million

voters. Seshan's critics say he is a bully; obnoxious to his subordinates and obsequious to his masters. As Rajiv Gandhi's Cabinet Secretary, the country's highest ranking bureaucrat, Seshan was the Prime Minister's biggest yes-man. Colleagues say his overbearing nature makes it difficult to work with him.

Though Seshan has rubbed all political parties on the wrong side no opposition party is prepared to fully back Rao. This is not due to any love for the Chief Election Commissioner but because of the tremendous popular goodwill he has earned by his aggressive decisions designed to eliminate aberrations that have crept into the electoral system.

The Bharatiya Janata Party is the only party which is openly against the proposed reform bill and its president Lal Krishna Advani contends that the proposed legislation is actually aimed at 'cutting Seshan to size' and would be a scar on the Constitution.

With every passing day the elections were becoming costlier and dirtier and the rulers were not stemming the rot, Advani has stated. He has lauded Seshan for taking initiative in this regard.

Rao finds Seshan a hard nut to crack. He has been put in a difficult position because of Seshan's growing popularity and the opposition parties refusal to back the government fully on the electoral reform bill.

The ruling Congress party does not have two-thirds majority in the parliament. Without opposition support it cannot get the bill through.

Critics of BJP suspect it is riding piggy back on Seshan who has become a middle-class messiah. Seshan has particularly endeared himself to the younger generation who find their anger and frustration against the political system reflected in his condemnation of politicians and bureaucrats occupying high positions.

He likes to address college students who in turn hold him in high esteem. His quotable quotes are generally from such meetings. In one such meeting

he called the cream of civil service, the Indian Administrative Service (IAS) to which he himself once belonged, the 'I Am Sorry' service. In another,

he christened VIP politicians as 'Vella Ila Payal' (a jobless idler).

Another side to the character of this Tamilian Brahmin — propensity for palmistry and reading horoscopes — has also brought him many admirers in a country which respects scholarship.

Some even see prime ministerial material in Seshan, prompting him to declare: 'Those who wish me to become Prime Minister are my foes. I am only a political umpire.'

— Gemini News  
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## OPINION

### Caretaker Government: An Unfair Demand

T Husain

There is a sarcastic Bengali phrase 'Sonar Pathorbati', which literally means a stone-bowl made of gold. This is a misnomer and contradiction in terms. If a bowl is really stoneware, it cannot be made of gold. If one wants a stone-bowl, one cannot think of gold. Loosely, the same is true of democracy, if it is unadulterated democracy, it cannot have any element of unrepresentative character.

A 'caretaker government' is obviously replacement of freely elected government, for conducting general elections, as conceived by the protagonists of the former. The whole idea leads to one irresistible conclusion that a democratically elected government cannot be trashed in all eventualities. This is unacceptable in principle, as it is an insult to democracy and all democratic institutions. Democracy was the nation's goal, when the present Parliament was to be elected. Once this has been achieved — with country-wide united efforts — we cannot off for its adulteration or any undermining of the same. Otherwise, we would then be reminded of something like 'basic democracy', which was nothing but a fake democracy or negation of democracy as was in Ayub Khan's martial law days. Surely, we cannot take a retrograde step.

It surprises me that those who speak of stabilizing democracy and democratic institutions can support or threaten country-wide agitation and movement for anything subversive of democracy — particularly parliamentary democracy, which demands activities within the Parliament and not outside. If you believe in democracy, you cannot go for any move which will subvert democratic practices or institutions.

In the days immediately following the end of the last autocratic regime in 1990, it was necessary to have an impartial 'caretaker' government to conduct free general elections for installing a democratically elected parliament and representative government as there was no such government existing at the time. This was purely an interim arrangement agreed to by all sections of the people. But after the establishment of a democratically elected popular government, the question of setting up a 'caretaker' government to conduct the general elections in a democratic process does not arise. And this is not con-

templated to be a one-time job. The 'care-taker' government, according to its protagonists, is supposed to appear in the democratic scenario for a number of times to follow for the same job.

This is a contraction in principles; this system connotes a spirit of distrust, suspicion, lack of confidence in a popularly elected government.

In other words, this will be accepting a proposition, which tantamount to rejection of the people's verdict and the democratic system as a whole. I am sure, this is not what we all unitedly strived for in those days of despair, when autocracy was supreme.

Trust begets trust, whereas suspicion begets suspicion leading to a vicious circle. But why this suspicion? Is it because of the result of one by election? Or two? side by side, can't we recollect the people's verdict in a by-election, where an unknown widow of a deceased member of Parliament was easily elected against the nominee of the party in power? Can't we remember how the existing incumbents, who were nominees of the government having resigned from their respective positions, in two city municipal elections, failed to get elected, yet accepted their defeat in good grace? This is the gift of democracy and we must nourish it, instead of destroying it. If we are capable of rising above party considerations for the sake of promoting democratic culture, we must not get away from it. We must preserve and defend the constitution. We cannot go ahead to amend the national constitution at the sweet will of a party or more, instead of going through the process inscribed in the same.

Constitutional amendment is not a trifle. It takes place only through a heart-searching study of the issue involved. There is no question of side-tracking or surmounting this solid principles surrounding each and every provision adopted therein untidily. It was never thought, when the whole constitution was adopted unanimously, that its provisions would ever be so sidetracked or overridden. Amendment of the constitution happens only when two-thirds — not a simple majority — of the popularly elected representatives of the people decides to bring in the change. Not otherwise. And never by indirect coercion. One or

more groups of parliament members can never co-erce the majority members to accede to their demands by un-parliamentary means or pressure — for less by any means which may appear to be political 'blackmail.'

We cannot, in one breath, speak of democracy or institutionalisation of democratic practices and, in the same breath, betray our lack of faith in such institutionalisation.

If freely exercised voting is a democratic procedure, the legislators who want the concept of 'caretaker' government to be incorporated in the constitution should vote for the same in the floor of the House, rather than from outside. If they think, they are in a minority in the parliament, let them wait and go to the electorate — the people — when the time comes in the usual process to vote on the issue.

In the last general elections, this issue was not before the people and they did not give their mandate on it. So, they have to wait to know the verdict of the people instead of prejudging the same or imposing their own view on the present parliament.

The elections are held by the Election Commission, an institution created by the constitution and not by the governments in power. If there is any doubt that the Election Commission cannot act independently within the ambit of its present constitutional powers, the Parliament may enact a law by which all chances of any interference on the part of the government could be removed completely and effectively. Make the Chief Election Commissioner adequately powerful, as in the case of our neighbouring country, India, where (it was reported in the press) the present incumbent was able to take proper step to stop the interference of two top state executives in the election process. This process that it is possible to strengthen the Election Commission sufficiently and make it effective in ensuring a free and fair election.

We, in our country, should try to evolve a similar system by which our desired objective of making the Election Commission absolutely free and independent of government can be met, rather than taking to extra-constitutional methods to achieve our end from outside the Parliament. In any case, this later course is not democracy, not to speak of democratic culture.

## To the Editor...

### Uranium availability

Sir, It is a matter of great pleasure to know that the samples taken from Phultola, Moulvibazar under greater Sylhet has been experimentally proved by a leading research institute of Japan about its high percentage of uranium availability. We feel very proud to hear about this precious gift of nature, a potential gold mine for our country.

In 1986, I remember, when the Chairman of Atomic Energy Commission Dr Anwar Hussain, visited the area, he mentioned very optimistically about the availability of uranium at a dinner party hosted by Phultola Tea Estate's manager. Our own experts initial findings have been proved to

be very correct. We hope the government will not waste much time to take all necessary measures in this regard.

Greater Sylhet is highly enriched with various natural resources. More and more study in its all probable places will hopefully, bring out the divine gifts of nature all in due course of time.

Motius Samad Chowdhury  
Phultola Tea Estate, Sylhet

### Censorship

Sir, Recently, I have noticed that the government has been banning many films, books and magazines under the Criminal Procedure Act, especially the ones that are published abroad.

As a developing nation are privileged to have a democratically elected government. I believe that our government should not be afraid to entrust the Bangladeshi people with foreign ideas, alien philosophies and competitive values. For, a democratically elected and publicly accountable government should always let its people judge the truth and falsehood of things in an open and free environment.

This, I believe, would in the long run, be beneficial for the country because this will give our people the chance to nurture their intellectual faculty and broaden their mental horizon.

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