

Donor Response

Donors and recipients have different idioms. They hardly ever speak in one voice, either. Their hearts may not beat in unison but their minds perhaps could, given the fact that the latter are expected to be amenable to logic and reasoning.

In the case of Bangladesh where the co-relation between investment and growth has remained disadvantageous to the country despite the much-acclaimed macro-economic reforms which the donors had touted as the anti-dote to underdevelopment, the disappointment is not ours alone, it is partly the donors' as well. And, as it happens with any initial dashing of hopes, each side tries to find fault with the other, as if in egotistical self-assertion. In the process, truth which lie between the two recriminatory extremes may get lost in over-wrought wrangling. Even in such a situation it should be possible to cull the good points made on both sides and combine them into an adoptable recipe.

At the moment the donor community and Bangladesh agree that poverty cannot be reduced here unless a 6 per cent growth per annum is ensured by an increase in the investment ratio to GDP from the current 13 per cent to 20 per cent.

The other commonality of views struck between the two sides is that public administration is in a dire strait and needs a radical transformation to break the impasse on development. The last-named task, time-taking as it is, has proved to be the Achilles' Heel for the government in its development pursuits. But to hold it up for explaining away all sorts of failure, is obviously not keeping to a year by year regimen which ADPs are all about.

Barring these two areas of broad consensus, getting to know the mind of the donor community is like catching at a Tartar. Operatively it seems there are many parties involved in the development process, some directly, others remotely. The leader of the ADB delegation, currently in Dhaka, Peter McCawley, in response to a press query about Finance Minister Saifur Rahman's pointer to the imposition of conditionalities even after funds have been committed to a project, held up the 'other side of the coin': "We have to look into the concerns of the donors too," said he. He even suggested that criticism was often heard in the donor countries about aid-giving and its end-use, etc. The implications are that as a multilateral financing agency the ADP is accountable to those who contribute funds to it and the latter in turn are obliged to stay tuned to the tax payers' voice.

The donor countries and the multilateral financing agencies are no doubt accountable to the tax payers of the aid-giving countries in the ultimate analysis but at the same time they, in a vital sense, are developmental agents working for the countries being financed. The insistence on consultancy which often goes to impede project implementation makes them into something of development functionaries as well. They have a professional understanding of a developing country's problems and prospects. In fact, they have all the material in them to be a bridge and a mediator between the donor and the recipient countries. Cawley said something about a lack of understanding of the problems of poverty on the part of industrialised nations. Why not get it over with by the sheer force of the intimate knowledge the donor governments and agencies have of the gut issues of poverty confronting a developing country?

Of course, the Third World countries need to coordinate their positions for the sake of convincing the donor community to urgently bring about a qualitative change in their development financing approaches. The substantive point to be made to them is that there is no frog-leaping to reforms like broadening tax base, lowering subsidy and abdicating public authority over fixation of utility rates without upsetting socio-economic equilibrium. So, a gradualistic and a country-by-country approach is a better alternative.

A Cruel Fun

It all started, says a report, as a fun. Children unmindful of the seriousness of the consequences start pelting a running train at several places on the Dhaka-Chittagong route. Anyone of the thousand and plus unsuspecting passengers can grievously get hit by such indiscriminately flying missiles. The children least bother about the fatal danger their fun may cause. Actually, on Saturday last, a man named Hasan-Munshi of Chittagong was fatally injured by one such stone coming through the window of the railway coach. After four days Munshi is no more. This tragic end of a passenger's life has raised the question of security of travelling passengers' lives from a different perspective.

Sure enough, the railway cannot be asked to post guards along the whole length of the track from Dhaka to Chittagong. The same can happen to speeding buses as well as there is no way of ensuring all-route and round-the-clock vigilance against such mischief. Children express their notoriety in inconceivable ways. Unless they are taught to care about lives all around, they can be or tend to be cruel to all. William Golding's "Lord of the Flies" illustrates the point in its minutest subtlety. This can be arrested and even channelled into the opposite direction through cultivation of humane qualities.

What does it point to? The children throwing stones are uninitiated and more sinned against than sinning. The primary responsibility lies with the guardians of those wayward children but the whole society is to blame. One gets the impression that those erring children have never remotely come across anything like the story many of today's educated grown-ups had read in their childhood. The story is about a small boy who suddenly noticed that parts of the railway track leading to a bridge had been swept away by torrential rains and a train was about to come on the spot. He tore away his shirt and started waving it on a bamboo pole when the train was approaching the impending disaster. The driver stopped the train and the lives of the passengers were saved. A similar incident also took place in Bangladesh a couple of years back.

The lesson is that society cannot go on without upholding some values. People must take pride in the exercise of rational behaviour. The atmosphere for this is what seems to be absent. Let society be more humane.

ONE thing in favour of Prime Minister Narasimha Rao's foreign trips is that he has at least established contacts with all major countries. He may not have set the Thames, the Potomac or the Volga on fire but he has kept the Indian boat afloat. That itself is an achievement in the post-cold war scenario where New Delhi could have been raked over the coals for having inclined towards the communist world.

Rao had also an advantage. In the wake of Soviet Union's collapse, the West was as keen to win over friends in the non-aligned world as India, a leading non-aligned country, was to mend fences with the non-communist nations. At times New Delhi's wooing looked like a volte face. And one can gauge it from the sea-change in the pattern of voting at the UN before and after the Kremlin's eclipse. But that was Rao's own perception, which pleased the US.

The fact that India did not dilute its democratic credentials impressed the West even when it was exasperated over New Delhi's tilt towards monolithic eastern states. India could not be a bridge between the two worlds, Nehru's obsession, but the West appreciated the strength of nationalism that New Delhi displayed whenever the communist world put pressure. Rao had a reservoir of such understanding when he began his journey towards the West.

His other advantage was the economic policy he had adopted on the advice of the World Bank and the IMF. The developed countries applauded it. A market of 200 million plus, capable of absorbing a variety of consumer goods, was

seen by the West as an opening for its own economy, which was moribund. A Pakistani's remark that India's market was at Geneva, not India, was not off the mark. Whether the type of economy the West wants India to pursue is in the country's interest is a different debate. But there is no doubting that the climate in the wake of economic liberalisation has helped Rao in foreign affairs, even to the extent of lessening criticism on the violation of human rights.

Rao has also won some sympathy on Kashmir, although one fails to understand why the topic was at all discussed with every leading power when we want Pakistan to stay bilateral. The rest of Rao's success has been the work of PR men. The 60 to 70 journalists the PM carries free in his plane ensure a big splash back home, apart from the boring and exaggerated accounts which Doordarshan and AIR put across endlessly.

New Delhi should not, however, get carried away by its own propaganda. Rao has made contacts with foreign powers but not won them over. Had it been so, India would have been supported for a permanent seat in the Security Council, not Germany and Japan.

The vast economic opportunities will entice big foreign powers — America is already exerting pressure to corner the telecommunications field — to make India feel comfortable on the innocuous problems relating to external affairs. After all, the joint statements and declarations, issued during Rao's visit, are only a string of clichés which can be stretched in manner and to any extent. The test will come when New Delhi comes into conflict on any serious matter with, say Washington.

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Rao's Foreign Trips

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Rao has not even visited Sri Lanka. India owes the responsibility of setting the LTTE on fire and harboured them. It is not sufficient to say, as Rao has in reply to a question, "we hope that a political solution to the

ethnic problem is achieved, within the framework of a united Sri Lanka, through negotiations involving all parties eschewing the path of violence." We have to help Colombo find a political solution to the problem that has got involved in military forays.

One lesson of the cold war is that hostility is counterproductive and foes of yesterday can be friends of today. The armaments only foment differences and tensions; they do not settle any problem. The real question before the world is how to live peacefully with one another and how to divert the funds earmarked for de-

structive weapon to the people's betterment. Rao does not seem to have left this message behind. He expressed such sentiments in some of his speeches. But when it came to the nuts and bolts of relations, he was found wanting because he too asked for the supply of certain armaments or support against a particular country.

There is no moral edge to the policy Rao is adumbrating. True, he is keeping India's interests uppermost in his mind. But a policy at the expense of neighbours may prove to be sterile and dangerous in the long run. The notion that India should be recognised as a regional power is an outmoded one. Such attitude may challenge other countries to gang up against it. In reality, it is not the military strength that evokes admiration but how well are the living conditions of the people in a country.

Somehow, Rao's tours abroad have failed to highlight this approach, the peaceful approach which Mahatma Gandhi taught us. The policy of wooing the West and ignoring India's own backyard may give, if at all, temporary results. But the essentials on which Nehru tried to build foreign policy will be violated. The world cannot be divided into friends and foes, we and they. That is the old approach of the bigoted, power-oriented nations. It is not the approach of tolerance, of feeling that perhaps others might also have some share of the truth.

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BETWEEN THE LINES

Kuldip Nayar writes from New Delhi

have found us successful if we had tackled problems with our neighbours. Rao has said that he will not hold talks with Pakistan until it stopped aiding the militants in Kashmir. Precisely, this is the reason why we should have talks with Pakistan, to argue with them that so long as the militancy continues no peaceful solution of Kashmir is possible.

Even our policy on Bangladesh and Sri Lanka does not exude confidence. Rao promised Prime Minister Khaleda Zia more than a year ago that he would visit Dhaka soon and sort out the sharing of the Ganges water, following

the termination of an agreement on the Farakka barrage. Now that the water crisis period is over — it lasts only for six weeks before the advent of monsoon — New Delhi has put the problem at the back burner, Bangladesh naturally feels let down.

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Macroeconomic Policies and 1974 Famine—II

Agricultural Wages and Employment

by Akhtar Hossain

This is the concluding part of the article published yesterday under the headline "Macroeconomic Policies and the 1974 Bangladesh Famine."

the pressure of economic distress.

Decline in Employment in 1974

Based on the Bangladesh Institute of Development Studies' Famine Survey, Mohiuddin Alamgir estimated the decline in rural employment in the famine and non-famine areas in Bangladesh between July-October 1973 and July-October 1974. He found that the employment of landless labourers in both the famine and non-famine areas sharply declined in July-October 1974 compared to that of July-October 1973. This decline in employment for wage labourers was a sign of low demand for wage labour.

Causes of Decline in Labour Demand

Bankim Chhadha and Ranjit Teja argued that involuntary unemployment during the 1974 Bangladesh famine was not caused by unwillingness of workers to accept lower real wages, but rather, by unwillingness of employers to hire them at lower wages because lower real wages mean the possibility of undernourishment and hence of low 'work effort' of workers. This does not appear to be a satisfactory explanation of the decline in labour demand because the efficiency wage theory has been found inconsistent with empirical evidence for Bangladesh and India. Martin Ravallion finds that the efficiency wage theory is also inconsistent with Bangladesh during the famine. He writes: "A strong implication of this [the efficiency wage] theory is that the food

wage rate should be invariant to the price of food. This property is shared by the well-known models of Levis (1954) and Fei and Ranis (1964) in which the real wage is fixed at a predetermined 'subsistence' level. Such theories appear to be at odds with Bangladesh's experience of considerable real wage flexibility during the 1974 famine."

Supply Shocks and Labour Demand

The rise in rural involuntary unemployment during the famine was essentially the consequence of a series of supply shocks of different magnitude beginning from 1971 upto 1974 as they had a cumulative negative effect on both farm and non-farm activities. The immediate shock was the countrywide devastating flood in 1974 which damaged the major crops and lowered the employment opportunities of wage labourers. As most non-farm activities in the rural areas are directly and indirectly linked with farm activities, the decline in farm activities had a flow on effect on non-farm activities and that lowered the employment opportunities of village craftsmen, petty traders, transport workers, and the producers of various other services. When the economic condition began to deteriorate, the rich and medium farmers also experienced the pressure of (actual or perceived) economic stress. Facing economic distress, they reacted in two ways. First, as a cost-cutting measure, they used family labour more intensively for farm activities which would otherwise had been done by wage labourers. Such a

substitution of family labour for wage labour lowered the demand for wage labour. Second, most non-essential farm and non-farm activities were deferred until the economic condition was improved. On the supply side, the sharp increase in the relative price of food increased the supply of wage labour for two main reasons. First, as the food wage rate declined, the reservation wage rate of wage labourers fell and for survival, they offered more labour for sale. Second,

new workers (including children, destitute women and the old) entered the labour market under the pressure of economic distress.

Conclusion

The main objective of this article has been to analyse the Chhadha-Teja thesis that expansionary macroeconomic policies, rather than floods might have caused the 1974 Bangladesh famine. Detailed findings of an empirical study, which are the basis of this ar-

OPINION

The University of Dhaka: Politics or Education?

Education is the backbone of any nation. This statement is well established in every sphere of our lives in the civilized world.

The needs for higher education couldn't be more pressing than it is now in Bangladesh. Although, the literacy rate is said to have increased to 34%, there are reasons to cast doubt on this figure, as it perhaps does not depict the true picture of reading and writing abilities of the people. Most of them can only sign their names.

The University of Dhaka is regarded as one of the best educational institutions in Bangladesh. But, considering the atmosphere in the University, one doubts very whether it is really serving the growing needs of the nation. The question remains whether the University is producing able men and women in order to harness them suitably in the socio-economic development activities of the country. Are the resources being properly utilized to reward the nation with a positive rate of return in respect of skilled workforce?

Dhaka University (DU) had played a pivotal role in our socio-political arenas, even before the birth of Bangladesh. The role of students during the language movement, peoples' movement and liberation war had been glorious and is still highly acclaimed. But the glory seems to be fading away gradually, which needs immediate attention. There appears to be a growing tendency among the students to shift their concentration from their most important duty — study. The political fever is running high among them which is set out to destroy their promising youth. The activities in DU are like a barometer for politics in the nation. Their leadership in the political field which had started before the liberation is still continuing but in a perverted way. The vested interests are exploiting the students by playing all the dirty tricks in the bags.

There are currently several thousand students enrolled in the DU, using governments' subsidy and taxpayers' money. Are we getting the best value for our money? A large number of students seem to have made political activities a priority, setting aside studies. It is a common scene these days also

to find the female students taking to the streets, engaging in the demonstrations and chanting slogans with their male counterparts. The incident about the students of Eden College climbing the locked gate with iron-bars and hockey sticks is still fresh in our memory. Even a few years ago this was quite unimaginable. The women are entitled to equal rights as men but all should devise non-violent ways and means to voice their concern. The nation still recalls with grief the death of students due to a severe row in the college canteen and unfortunately that in a 'medical' college. Only God knows, how this would-be doctors are going to treat their patients!

The autocratic ruler is now serving his term in the Central Jail and an elected democratic government is ruling the country under the Parliamentary system. The students did well with the public, causing the autocratic regime to topple and sending our representatives to the Jatiya Sangsad. The political prospects in Bangladesh could not be better. The students can now rest on their laurels eschewing political hyper-activity and devote more of their time to studies. Now that the democratic wheel has been set in motion, the question remains why the struggle is still continuing in the University and what it is actually all about. Why the lives are lost on the campus? Are they acting on their own or being influenced by opportunists who always strive to serve their own interests. It is a fact that the Cabinet and MPs are now mandated by the public to look after the country. Then why are the students involved in the nation's political activities?

The other area of concern is the University's curricula. The students mostly use books written during the 70s and 80s. The latest discoveries and theories or formulae are hardly within reach of the average students. Due to the unavailability of new books, the old editions and, in some cases, their photo-copies keep changing hands. Had there been a strong demand made by the students to get the new editions, there would have been abundant supply of all types of books and latest journals in every nook and corner of the City.

and Russia issued by recognising the 'multi-ethnic, multi-lingual and multi-religious' character of today's society and giving the different identities the right to sustain themselves. The question is how to ensure that within a country or in the world all over. The Soviet way which sought to submerge all entities in communism crushed human freedom. But the democratic way has become the tyranny of the majority.

No policy or, for that matter, system can succeed if it means subjugation of some. This is as much true of people within a country as is in a comity of nations. It is absurd to imagine that out of dictation the socially-progressive forces can win. This was exemplified by the Suez incident in 1956 when Britain and France tried to forcibly take over the canal.

There is no running away from the fact that wrong means will not lead to right results. In today's world, where there are too many weapons with too many countries, this is no longer merely an ethical doctrine but a practical proposition.

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were found broadly consistent with the Chhadha-Teja thesis. However, they were suggestive, rather than conclusive. The economic features of the Bangladesh famine reveal that it was essentially a macroeconomic, rather than a law and order problem. From both analytical models and empirical findings on policy implication can be drawn that random natural disasters, such as floods and droughts, may cause sectoral economic dislocation and misery, but they are unlikely to cause a full-blown famine unless they are accompanied by such 'loose macroeconomic policies' that destroy the credibility of the government to 'food stockholders' in its ability to stabilise the economy.

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To the Editor...

Economic development versus population boom

Sir, Like every year we have observed World Population Day only a few days ago. There were many seminars, functions by various socio-cultural organisations, long speeches by public leaders, bureaucrats and NGOs.

Our population increases at an average rate of 6400 people per day. Bangladesh's population would be doubled at 24 crore in 34 years in the prevailing growth rate of 2.03 per cent.

What is the ratio of our economic development vis-a-vis population boom? Do our Planning Commission and Family Planning Directorate coordinate with each other?

When the Barapukuria Coal Mine Project of Taka 887.36 crore of foreign aid and domestic resources was inaugurated it was told that the project when completed would create job opportunities for 3000 (three thousand) people.

Just imagine, we have a population growth at the rate of 6400 people daily and after a period of three years when the development work of a huge Taka 887.36 crore would be completed it would create job opportunities for 3000 people.

What a terrific situation! Where does Bangladesh stand today and where shall we be tomorrow? Would our Finance Minister, Planning Minister, economists and public leaders kindly enlighten us?

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NIC hallucination fades

Sir, Poor performance in reforming the industrial sector has cost Bangladesh \$63 million ADB Interest-free loan.

The cancellation of such a substantial amount will not only bear down the state's manufacture mechanism but may also highly negate the tendency of foreign investment in this Third World nation which is used to all kinds of disasters — floods to World Bank aid suspension to autocratic free-style — and now assemblies suspicions about who own and manage the industries.

Ever since her independence 23 years ago, this Asian nation has experienced 12 governments including dictatorial, military, and autocratic regimes in efforts for a developed state.

But all moves returned back to the origin in the vicious

circle and the "whys" are best kept secrets of the coterie that must have learnt and inherited the team-corruption from the parent state having politics or governance as the sure-success prestigious 'business'.

Under the circumstance, any patriot must be curious about the personnel in the production sector in connection with the present and past "corrupt" leaders, ministers, VIPs, and their cronies who contributed to the nation's griefs since liberation struggle and are now enjoying favours and privileges even at the cost of this poorest state's exchequer.

Despite cosmetic suits against only a few partners-in-malpractices, only to be cleared up shortly, the friendly accomplices are "powerful" enough to have retained their lords-of-the-rings status as always especially in the guise of industrialists.

If this tradition of "evil power" domination keeps recycling her economy to the profit of the "gangsters" served by the "hired leaders", this LDC's illusion to be an NIC may gradually make cost-waste, be it a short-range target or a long one.

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