

## Iraq Steps Forward

Saddam Hussein has retracted — with good sense, at last. He has done himself and his country a lot of good by dropping the claim over Kuwait as the 19th province of Iraq. It was a horrific territorial ambition nurtured and asserted by him that landed his country in an all-round tragedy.

He became an international outcast after the invasion of Kuwait in 1990 inviting crippling economic sanctions on an Iraq, reduced into rubble, following her dismal defeat in the Gulf War. His massing of troops in southern Iraq, bordering Kuwait, in October, basically to turn the focus on to the sanctions issue recoiled as the western powers reinforced their demand that he fully comply with the UN resolutions before expecting any consideration in the matter whatsoever.

Saddam Hussein has taken the first vital step — by recognising Kuwait and promising to respect its UN-defined borders — to normalise Iraq's relations with the international community and eventually to end its pariah-like status in the eye of the Western world. Britain and the USA are likely to insist on fulfilment of other key conditions before allowing Iraq to resume export of oil and import of goods into the country. For instance, Iraq has to release political prisoners, return the property she had seized from Kuwait, and dismantle her weapons programme, according to the White House spokesman Dee Myers who otherwise hailed Iraq's recognition of Kuwait in highly positive terms. The rights of Kurdish and Shi'ite minorities could also figure. The British have a similar hardline approach to the lifting of sanctions. At the other pole, Russia and France have consistently argued in favour of giving Iraq a relief on the sanctions.

A complete unanimity would be required at the Security Council to ease the trade ban; because any one of the permanent members can veto a move in this direction. Saddam Hussein has secured approval of the Iraqi National Assembly before delivering the document on recognition of Kuwait — duly signed and sealed by him — as the Chairman of the ruling Revolutionary Command Council. We think, this goes to meet the UN criterion that the recognition ought to come through 'legal and constitutional channels'.

## The Hunger Game

In the gone-by decades one was advised to shun cholera and use diarrhoea instead. Now you don't call a widespread starvation situation a famine, you are well-advised to say drought-condition rather. Experience doesn't say this little game of deception served the deceivers well. Still here we are again — there is no famine condition in the northern districts, only very temporary supply difficulties due to a serious drought burning out local crops.

The government must thank their stars the hungry ones are only trickling to the towns: Perhaps the unfed have already been sapped of the power to make the trek. That is an impression one may get from The Daily Star correspondent's despatch from Kurigram. Basanti survived 1974. Will this wizened old lady at less than forty, of Namadaspara, Chilmari, survive 1994. Our man on the spot doesn't seem certain that she will. Her first words were "Give me food. I am hungry". These were her only words.

Who would give her food? The VGD cards that fetch grains for a week cannot be had without a bribe and general relief items are only for go-getting better-off people of the area. Basanti hasn't seen Tk 200 at a time in her life and she doesn't fall into any of the advantaged groups.

For over a month news of starvation deaths has been travelling to the Press from many areas of the greater Rangpur district. The halting way these are being published is very much a monument to journalistic responsibility — nobody is going for a bit of scare-mongering, whatever the real situation. But they know that. Doesn't government know it too? Or are they choosing not to know and finding comfort in district officers' reports?

This did not happen overnight. It is the traditional famine bowl of the country. And this year too things took months to come to this. What did the government do of this long long notice. High functionaries of the motley kind only talked the problem away. That seems to have been the only performance.

Where have all the good Samaritans gone? What are the NGOs doing? And Red Crescent? Why isn't private relief forthcoming? The government must act and call out the social forces to respond to the needs of the north. They have here a chance of proving themselves a friend of the masses. This they can fritter away only at their peril.

## The Immortal Frankenstein

Frankenstein is a perfectly good full-blooded German name. Which did not happen to be given to any child in the last hundred years and more. Everyone knows the reason — that's too, notorious a name for any child to bear, name of a monster all civilised people have come to fear. Not many, however, know about Frankenstein's creator, Mary Wollstonecraft Shelley, wife of the poet Shelley and daughter to the famous libertarian thinkers William and Mary Godwin. Still less is known what Mary Shelley wanted her Frankenstein to mean, what idea her scientist-made human-being were to signify. A series of horror films made on her novel *Frankenstein, or The Modern Prometheus* so much twisted the character for box-office appeal, Mary's intentions have largely been lost on the present generation.

Frankenstein has by now come to represent a complex of ideas, none of which is on a happy note. A suspicion of the ways of science, the danger of not keeping to the human's ordained preserve and dabbling with life, the created turning back on its foolhardy creator, so on and so forth. But there was in it always an undercurrent of that immortal beauty and the beast tale — a very human and cultivated Frankenstein failing to get a return on the love it gave to mankind, which has waited so long to be exploited.

The wait is ended. Irish actor-director Kenneth Branagh's revival focuses more on Frankenstein's romantic vulnerabilities and aims to be a Gothic fairy tale. And it is said to be, up to the date, most faithful to Mary Shelley's text. That justifies the film's title — Mary Shelley's Frankenstein.

# What it Takes to Get a Better Power Supply

Prospective investors are reported to be demanding a guaranteed level of consumption so that they would be sure to sell the electricity they generate. And inevitably, they are also asking for a price-hike.

GOVERNMENTS in developing countries face tough trade-offs when called upon to loosen monopoly hold on utilities, such as electricity. State-owned electricity suppliers mostly charge for the power less than its costs to generate. However, it is not always that governments consciously subsidise electricity price. The proverbial inefficiency of state-run utilities tends to push costs up. And inefficiency often combines with corruption and other abuses, causing discontent among the users despite low prices.

Governments try to tackle the problem in the traditional way — applying the remedy of threat and exhortation, punishment and reward. These measures only come to tinkering with the symptoms, not dealing with the disease itself. System loss is the abiding problem with our power sector. The world average for system loss is around 15 per cent. In our case, it had run to as high as 44 per cent. For long now, the aim had been to bring the rate down to 25, or even better, 20 per cent. Well, system loss still runs at 35 per cent. Once in a while, slight signs of improvement would surface. In February this year, the rate touched nearly 34 per cent but climbed up soon enough. We trot around the track and come right back to the point we started from.

The crunch comes when substantial investments are needed to be put in, not only to keep the turbines whining but also to expand capacity to cater to a growing demand for power. The state-owned utilities would, of course, be running huge losses and cannot be expected to put up funds for investment in new facilities. It

is estimated that the country would need fresh investment of 100 billion taka (roughly \$2.5 billion) to double its electricity generation capacity for meeting the increased demand for power by the end of the century. Clearly it is beyond the capacity of the state to undertake such massive outlay in one single sector out of its own resources.

In desperation, the government turns to the donor community. Their response is lukewarm, if not downright negative. They are scaling down funding of infrastructure projects. Anyway, wastages have to be eliminated, system loss brought down to internationally accepted levels, billings and collections have to be improved significantly. Even then, it is unlikely that funding on the scale needed would be forthcoming from donor sources. The advice of the donors is to invite the private sector in and try to attract foreign direct investment. In short, privatize the power sector — that is what they advise.

In fact, privatization of power sector seems to be a trend that is sweeping the developing world today. A recent World Bank report estimates that Asia alone, would spend \$277 billion on electric-power expansion in the next five years. Most of the funding for the projects would come from private foreign investment. China, Indonesia and Malaysia are at the forefront in attracting foreign investment in the power sector. In the subcontinent, both India and Pakistan have signed up contracts worth billions of dollars with foreign builders of power

plants and distribution networks. Financiers from abroad are going to fund all such projects.

While giving the private sector the responsibility to build power plants and distribute electricity, governments also run smack into the problem of pricing of the product. As long as electricity generation remains the preserve of the state, governments determine the price at which power would be sold to the consumers. The state-owned utilities have hardly a say in the matter. And gov-

ernors in the power sector. The rules of the game demand that when private investors build power plants, they also win the franchise to run the facility for an agreed period of time (usually ranging between 10 and 35 years) in an efficient business operating environment. During the currency of the concession period so agree, the investors would expect a continued business-friendly environment and an assured level of electricity sales. Even more importantly, investors would demand a guaranteed rate of return dur-

private capital for investment in power projects, at least a reasonable rate of return has to be offered. The usual way of doing this is to agree to a hike in the price of electricity to be generated by the private entrepreneurs.

Indeed, governments in developing countries face a hard choice. They lose control over the economy that state ownership of public utilities brings. These utilities also tend to get overmanned, turning into bloated institutions. Thus, there would be a large number of employees who see the shift to private ownership of utilities as putting their jobs on the line and they might agitate against the government move. Perhaps the greatest of these worries is how the consumers would react to the inevitable rise in the price of electricity following privatization of the power sector and its ripple effect on the society.

Our power sector seems to have reached the crossroads now. The government has already thrown the power sector open to private investment. As many as 22 private investment proposals are said to have been received.

To judge by sheer numbers, the response looks encouraging. The rub lies elsewhere. Prospective investors are reported to be demanding a guaranteed level of consumption so that they would be sure to sell the electricity they generate. And inevitably, they are also asking for a price-hike. As the news media reports have it, the lowest bidder has quoted 6.5 US cents (roughly 2.60 taka) per unit at the plant level. The electricity so generated, it has

## ALONG MY WAY

S B Chaudhuri

governments know only too well that any rise in the price of electricity does not sit well with the consumers, who also happen to be the voters. Governments also rationalise that it is unfair to make the consumers pay for the inefficiency (and corruption too) of the public sector utilities. Why should the honest consumer be penalised for the rampant theft of electricity and for the chaotic billing, poor collection? The upshot is, public sector utilities continue to sell electricity below cost, running deeper into debt. As a matter of fact, on rare occasions that governments raise electricity price, they usually do so under donor pressure, not on their own volition.

The situation changes dramatically when the state is obliged to induct private en-

trepreneurs in the power sector. The rules of the game demand that when private investors build power plants, they also win the franchise to run the facility for an agreed period of time (usually ranging between 10 and 35 years) in an efficient business operating environment. During the currency of the concession period so agree, the investors would expect a continued business-friendly environment and an assured level of electricity sales. Even more importantly, investors would demand a guaranteed rate of return dur-

ing the concession period, which would allow not only the funds sunk in the projects to be recouped but also leave a decent profit for the entrepreneurs. Electricity prices have to be set in a way that would yield these results. In practice, the exercise would invariably entail electricity price escalation.

Available reports indicate that currently Indonesia allows 22 per cent rate of return to investors. India offers 16 per cent and China has set a maximum of 15 per cent. It has to be kept in mind that private foreign investors obtain funding for such infrastructure projects from institutional financiers, usually a consortium of banks. And a banker, as they say, would not look at a project unless the rate of return is attractive. So it is that to entice

been estimated, could cost as high as 11 cents or about 4.50 Taka per unit. In contrast, the state-owned utility is now said to be generating each unit of electricity at 2.30 Taka and selling it for 1.60 Taka.

Consumers may be willing to pay more for a reliable service. They would love to be spared the ordeal of rotating power cuts — or loadshedding, as it is known better. Stable power supplies would also probably enable them to save some costs. Erratic power supply often damages equipments, necessitating repairs and replacement. Consumers have also to invest in voltage stabilisers. Industrial users of electricity install stand-by generators and run these at their own cost. An assurance of uninterrupted flow of power, free from voltage fluctuations, might save the money they now spend on all such gears. Consumers will also then buy less of candles, lanterns and security lamps.

Still all, it is a question how much more consumers will willingly pay for improved power supply. Changes are being brought about not only for urgent need of funds to invest in expansion but also from a realisation that private sector — not public sector — is best at running business. However, what is the extent to which the improvements in efficiency sought for would be postulated on a rise in the price of the service rendered. Then there is the need for an appropriate legal framework for protecting the consumers from being exploited by the new breed of owners of power plants. These are some of the tangles that need be sorted out. And all the time, the consumer perhaps deserves to be told a little more about what is happening.

reached by APEC members, there is likely to be fireworks at the summit over the criticism of human rights record of several Asian nations by the US and Canada.

In Indonesia, the host country, observers expect world media attention to be focused on the East Timor issue, where a movement for national independence has been brutally suppressed by the government of General Suharto. — GEMINI NEWS

SATYANARAYAN SIVARAMAN is an Indian freelance journalist based in Bangkok.

## Asians Wary of Free Trade Hard Sell

SatyanaRayan Sivaraman writes from Bangkok

The emphasis will be on free trade as world leaders gather in Indonesia for the second meeting of the Asia-Pacific Economic Co-operation (APEC) group. But, not all of the 17 member countries are enthusiastic about a deal.

and Trade (GATT) deal in April. APEC leaders, holding their second summit since the organisation was launched in 1989, are expected to discuss recommendations to set a timetable for phasing out all trade barriers between members by the year 2020.

If endorsed, the move will accelerate the process of converting APEC into a free trade zone larger than all the other regional trading blocs in the world, including the European Union and the North American Free Trade Agreement (NAFTA).

When formed, the APEC free trade zone would include within itself two existing trade blocs: NAFTA which groups the United States, Canada and Mexico; and the ASEAN Free Trade Area (AFTA) of the six members of the Association of South East Asian Nations.

With a combined Gross National Product of \$12,000 billion, accounting for more than half the world's total, APEC groups Australia, Brunei, Canada, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand and the United States.

Malaysia, with discreet support from the Japanese, has been promoting the idea of forming instead an East Asian Economic Caucus (EAEC) keeping out non-Asian nations like the US and Canada.

APEC nations also account for more than 40 per cent of world trade. More than 69 per cent of this trade, estimated to be worth more than \$2,000 bn in 1992, is conducted between the APEC nations themselves, giving the group enormous economic clout.

According to recommendations made by the Eminent Persons Group, set up by APEC to recommend future action for the forum, a free trade zone could be created in three phases, with advanced APEC

and Trade (GATT) deal in April. Li Enheng, Director of China's Department of International Trade and Economic Affairs told reporters in Beijing: "We support the long term goal of free trade in the APEC region, but we do not stand for any timetables because it may mean actions and decisions will be binding on members."

The Thai Commerce Minister Uthai Pimchaichon has also voiced concern, challenging rich members like the US to first drop their own trade barriers to prove their sincerity before an APEC free trade zone is adopted.

Several Asian members are also wary of antagonising their trading partners in Europe by making APEC into a powerful trading bloc. In their view, the Americans and the Japanese are attempting through APEC to keep east and south East Asian economies under their hegemony, shutting out competition from Europe.

However, proponents of the free trade zone idea insist they do not want to create an inward-looking trading bloc, but simply to accelerate implementation of agreements reached during the Uruguay Round of GATT negotiations.

"APEC, as a group, is free to extend its own liberalisation to non-member countries, also," said Fred Bergsten, Chairman of the Eminent Persons Group.

There is no need to create yet another trading bloc, they argue, especially at a time when trade barriers all over the world are to come down after the successful conclusion of the General Agreement on Tariffs

and Trade (GATT) deal in April. Among the more concrete steps expected at the summit are: a voluntary, non-binding code of investment regulations and policies, the setting up of a trade dispute mediation service.

However, while consensus on matters of economics may be

reached by APEC members, there is likely to be fireworks at the summit over the criticism of human rights record of several Asian nations by the US and Canada.

In Indonesia, the host country, observers expect world media attention to be focused on the East Timor issue, where a movement for national independence has been brutally suppressed by the government of General Suharto. — GEMINI NEWS

SATYANARAYAN SIVARAMAN is an Indian freelance journalist based in Bangkok.

## OPINION

### Bangladeshi Troops in Haiti

Md Jesmul Hasan

international relations.

Two contradictory sets of principles have been found in this provision. One set consists of respect for national sovereignty and equality, non-interference in the internal affairs of other countries, peaceful settlement of international disputes and striving for renunciation of use of force in international relations. Considering the above principles, the decision of the US to force Bangladesh to participate in the Uruguay Round of GATT negotiations is inconsistent with the former principles.

However, while consensus on matters of economics may be

sovereign member states of international community when they consolidate their sovereign wills to obey the international code of norms. It is not for subservience to any law but for necessity of their co-operation and co-existence with other states. And from this perspective international law gets preference over national law.

A 7 of the Constitution provides for supremacy of the Constitution and if any law is inconsistent with the Constitution that law will be void to such inconsistency. Though the decision of world body to intervene in Haiti is inconsistent with some principles enumerated in A. 25 but A. 25 has no applied value or binding effect, so to violate some provisions of A. 25 does not diminish the supremacy of the Constitution. On the other hand, the rest of the principles of A. 25 (respect to international law and UN Charter) express the responsibility of Bangladesh towards world community and obedience to international law. In this regard, there should not be any wrong conception about US President's telephonic request to PM of Bangladesh, because

(1) the intervention in Haiti is not a unilateral US move but it happened according to the decision of the world body through UNSC resolution and under the US leadership which is given the responsibility to take necessary steps to put things in order in Haiti by that very resolution. So giving consent to US President's request to send troops in Haiti is giving consent to UNSC resolution.

(2) Bangladesh did not give consent to take part in a direct invasion but to participate in the process of transition and maintaining law and order during the post-intervention period.

(3) Similar practices have been adopted by Bangladesh previously in Cambodia, Mozambique, Kuwait, Namibia and other political disputes on various fronts in the world.

It can be concluded that Bangladesh can't give up her responsibility as a sovereign member state of the international community; and obedience to international law or respect for the decision of world body does not in any way violate the supremacy of the Constitution.

## To the Editor...

### Why this?

Sir. Have the politicians of our country gone out of their mind? We are one of the poorest nations and our survival has been a constant struggle of how much dole we can manage from the donor countries.

It has become the system. We have forgotten to become dependent on our own resources. As a result, we have also lost all pride and self-respect. What a shame! When I look at the beggars at the Mohakhali traffic intersection, I see myself and my fellow Bangladeshi at the doors of Word Bank, US AID, CIDA, NORAD etc. etc. with the empty bowl with a desolate look on the face. Twenty four years and we are still fighting for survival. Who is responsible?

Not the people. Not the beggars at Mohakhali. It is time we did some soul-searching and ask ourselves how long are we going to go door to door with the begging bowl and demean ourselves to the lowest level.

It is time the politicians and other social leaders shut themselves up from their government