

Commodity Aid: The Pros and the Cons

If the rate of growth of imports in 1994/95 could be an indicator and if, as IRBD report showed, investments could be parked at say 20 per cent as it would have to be to alleviate poverty, the room for complacency might turn out to be a room for concern.

Entering a Dark Tunnel

By the time our readers will be going through this editorial, we will have already entered the dark tunnel of a three-day continuous strike. How badly damaged the country will emerge from the other end of this tunnel we are not sure.

But does our being weary, make any difference either to our government or the opposition? The unfortunate truth is — NO. It does not matter how we the citizens, the voters, feel about any of these issues.

By all indications, both sides have hardened their positions. Not only that, there are strong apprehensions that both sides are prepared to take tougher actions to indicate their respective positions.

As journalists are exempt from strike, measures should be taken by the hartal callers to enforce that exemption to the hilt.

We would like to implore both sides to use restraint and not to endanger life and property. We still hope and pray that good sense prevails over our political leaders.

No End to Black Smoke?

Poisonous fume-emitting motor vehicles and other types of internal combustion machines have registered a phenomenal growth in the last decade and a half.

The main reason for this looming urban debacle is that no one minds taking in a whiff of black smoke instead of the clean morning air.

The government has been singular in its success to promote air pollution. The fine for the offence is a paltry Tk 200 and no one cares to prosecute any offender.

It is very difficult to see why the government has not thought of the supremely preventable air pollution as a fit challenge to address.

If any one single bad performance has opened the fitness of the present set to govern to grave doubt, it is possibly this cringing from this life and death question of this city.

Reprieve for Sarajevo

US Assistant Secretary of State Richard Halbrooke has been able to broker something that would help loosen up the Bosnian Serb noose around Sarajevo.

The bombings would not have materialised had not the Bosnian Serbs forced this on NATO through their bestial attack on the Sarajevo market-place.

The Bosnian Serbs are a playtool for Milosevic and the whole infernal Yugoslavian slaughter-house scenario has been scripted by western vacillations to act.

COMMODITY Aid (CA) constitutes an important element of the total aid flows in the country. CA is the provision of aid for the acquisition of intermediate inputs and raw materials but excludes commodities acquired under project aid.

Theoretical Juxtaposition

For an assessment of CA at macro level, four different effects could be distinguished viz the impact (i) on the balance of payments (BOP); (ii) on the government budget; (iii) on the price level; and (iv) on the overall growth of the economy.

CA is mainly given to ease the foreign exchange constraint. The impact on balance of payments, however, would hinge in the first place on the form in which the programme aid has been supplied.

exchange for the import of commodities or debt relief and whether the aid has been provided in the form of grants or loans. In case the provision of foreign exchange in the form of grants leads to additional import of goods, theoretically, the current account deficit would remain the same in the short run.

The impact of CA on government budget depends on the collection and use of counterpart funds (CF). If Bangladesh, for example, obtains foreign exchange under CA to import fertilizer, or raw cotton or edible oils — and sells them to the end users, the sale proceeds are called CF which are (at least theoretically) expected to be spent on developmental proposals.

Commodity assistance is considered usually handy and is said to require relatively less time and procedural steps than any project aid. Normally, it is tied either for the type of commodity to be bought or for its sources of procurement or for the use of the counterpart funds generated by CA.

The impact of programme aid on the general price level runs along two tracks. First, in case the aid leads to additional imports, the increased supply of goods would have a decreasing effect on price levels possibly, by shifting the supply curve to the right.

Beneath the Surface

by Abdul Bayes



The relationship between CA and economic growth is very complicated to diagnose and its determination would also depend on whether the additional imports have led to diminish the bottlenecks in the utilization of installed production capacities in the different sectors and to whether the sector are considered as economically efficient.

Why it Clicks

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some cases where double tying is prevalent, many cases where single tying is prevalent and few cases where triple tying can be noticed.

Tying of the sources of procurement would be damaging in terms of prices since cheaper sources could remain unexploited. Thus for example, import of TSP fertilizer under CA form a particular country might cost 10-15 per cent higher than if the country could be allowed

the local currency component comes from the national budget. Although the donors were found to agree to provide even the local currency component of some projects, the onus lies on the government to eke out the substantial portion from its budget.

Now the Bangladesh government has only two sources at its disposal to bank on: budget surplus (revenue over expenditure) and the local currency funds yielded from the sale of imported commodities under CA in the market.

The performance relating to the use of CFs during the 1980s, especially, do seem to indicate that CFs were used as a leverage for enhancing government's revenue expenditure. The current expenditure were allowed to hike, without control from 6.6 per cent in 1982/83 to 8.9 per cent in 1989/90. It is alleged that the CFs available

instead of supplementing domestic savings, in fact substituted domestic savings so much so that the local currency need of some projects are reported to have come entirely from CFs only. This happened because the government faced budget deficits although. The bleak scenario does not seem to exist anymore and with concerns looming large from such misuses, it appears that social sectors are getting preferences in CF spending.

Concluding Remarks

There are three main reasons that the CA might not appear now with the same utility as it used to bear in the past. First, Bangladesh accumulated sufficient external reserves to finance about 8 month worth of imports on cash and thus the BOP constraint no longer seems to exist; second, many of the commodities imported under CA were mostly channelled through parastaffs whose downsizing is now in operation; third, the rationale of CA assistance, as said earlier, does not exist any more.

The argument that Bangladesh has enough reserves for paying ways for CA to quit is, perhaps, not based on careful considerations. If the rate of growth of imports in 1994/95 could be an indicator and if, as IRBD report showed, investments could be parked at say 20 per cent as it would have to be to alleviate poverty, the room for complacency might turn out to be a room for concern.

Pro-democracy Champion Fights for Local Leadership

Nick Young writes from Hong Kong

As colonialism approaches its end in Hong Kong, Britain is finally holding an election (17 September) for all seats on the Legislative Council — a body China has promised to disband. Gemini News Service looks at the candidates, who are identified as either pro-China or pro-democracy.



Martin Lee Chu-Ming: Crossing swords with China

DIFFIDENT, quiet-spoken, narrow-shouldered, Martin Lee Chu-Ming does not seem much like a political tiger as he sips of a cup hot water in his book-lined chambers.

But as chairman of Hong Kong's front running Democratic Party, the 57-year-old lawyer has repeatedly crossed swords with both the Chinese government, which resumes control over the territory in 1997, and the British authorities who are preparing to relinquish their last colony of substance.

He hopes to extend his mandate "to insist upon the rule of law in Hong Kong" on 17 September when, for the first time in 150 years of British rule, elections are held for all 60 seats of the Legislative Council, widely known here as LegCo.

But this budding democracy may soon be firmly nipped back. Angered by Britain's eleventh-hour decision to democratise an institution it previously filled with appointees, China has repeatedly stated that it will disband LegCo in 1997 and replace it with an appointed body of its own.

This has cast a long shadow over an election campaign which has been dominated by polarisation between those, including independent candidates, seen as "pro-China" and those who are "pro-democracy."

Lee is the champion of the latter camp. In 1991, his party took 12 out of the 18 LegCo seats then elected by universal suffrage, and he personally polled more votes than any other candidate.

Dominican passports for US\$90,000 while they applied for Canadian ones. He stayed, he says, because he felt a debt to the community which has seen him prosper. Now he believes that debt can best be discharged by standing up to Beijing.

He argues that "the whole design of Deng Xiaoping's 'one country, two system' policy — under which Hong Kong has been promised a high degree of autonomy after 1997 — requires there be strong leaders in Hong Kong, fighting for the rights conferred on us by China. People in Hong Kong must insist that China does not interfere — or we'll soon have 'one country, one system'."

But Lee bitterly criticised Patten in July, bringing a no-confidence motion against him in LegCo for a Sino-British deal over the Court of Final Appeal, which will replace the Privy Council as the highest legal authority.

The court is to have no jurisdiction over "acts of state," thus giving Beijing discretion, Lee believes, to try cases under mainland Chinese laws. This, he claims, will be as bad for business as for human rights since "if international investors believe our legal system is a lottery, many will refuse to play."

Both parties stress the need for cooperation and constructive dialogue, rather than confrontation with Beijing. They say Martin Lee, who was refused permission to visit Beijing to attend a legal conference in August, has too poor a relationship with China to represent Hong Kong's interests effectively.

Most DAB candidates and many independents serve as "advisers" to Beijing on Hong Kong affairs, or sit on the Beijing-appointed Preliminary Working Committee, a shadow-parliament from whose ranks China is expected to choose the first post-1997 LegCo.

Their campaigns have tended to focus on their personal suitability or local constituency issues. But in terms of bread and butter issues there is little to divide the parties, and the poll is dominated by the "pro-China" or "pro-democracy tags", which even well-known independents do not escape.

Veteran independent Peggy Lam, respected for her devotion to public service and women's issues, has a conciliatory approach towards Beijing. She is standing against Christine Loh, a younger, dynamic independent who raised her public profile last year by campaigning for equal inheritance rights for rural women. Loh is considered the pro-democracy candidate.

There are only 138 candidates for the 60 seats, half of which are elected through

investors believe our legal system is a lottery, many will refuse to play."

He suspects that Patten gave in to Chinese demands over the court in order to gain trade concessions for Britain.

In August, Lee was given a human rights award by the American Bar Association for his "extraordinary contributions to the promotion of justice." But some observers believe his forthright criticism and mistrust of China no longer reflect local public sentiment.

During the 1991 elections, they point out, Hong Kong was still smarting from the sight of the 1989 Tiananmen Square massacre, which sparked a demonstration by more than one million Hong Kongese.

Since then, there has been a growing mood of pragmatism, particularly in the business community, and a desire to avoid antagonising the incoming sovereign.

This is evident in the democrats' main political rivals, the Liberal Party, closely associated with business interests and led by businessman Allen Lee Peng-fei, and the Democratic Alliance for the Betterment of Hong Kong (DAB), openly supported by Beijing and led by school principal Tsang Yok-sing.

Both parties stress the need for cooperation and constructive dialogue, rather than confrontation with Beijing.

expresses sympathy for the victim. No successful medication for this severe ailment has yet been discovered. However, some capsules are available, but these are so costly that most of the afflicted persons cannot afford to buy them. Besides, this medicine is said to cause serious side effect. Our climate also has adverse effect on one afflicted with this disease. Cold climate of Western countries provides some soothing effect however. But it is life-long companion like diabetes, and simply worse than that.

Can any one throw more light on this topic?

Fit Li (R) A B M Mohiuddin, Dhaka-1206

SBC shares

Sir, The government has taken a right decision to flood the 49% share of Sadharan Bima Corporation Sadharan Bima is earning

profit. So the small investors will be inclined to purchase the shares. The argument for retaining 100% share by the government is not tenable. The government is not a business organisation and it cannot go for doing business for indefinite period. The buyers of share who are general public will be benefitted.

Not only Sadharan Bima Corporation, the government should also offload shares of other concerns. Here in case of Sadharan Bima Corporation the government will retain 51% share. Besides, 15% share will be sold to the employees of the Corporation. As such the larger portion of investment will remain with the Corporation. We request the government to go ahead with such offloading programme for other such concerns as the same will help improve the situation in the capital market.

Teacher politics

Sir, Teacher politics seems to have acquired an endemic character in the universities of late. So long it was student politics, under the patronage and inspiration of different political parties, that had been ravaging the peace and tranquillity in the academic arena. It is now the rivalry and politicking among the teachers that have infused renewed impetus in the political gambling on the campuses.

The syndicate polling of Jahangirnagar University is over. But the apparent invidiousness among teachers over the election has not subsided as yet perhaps.

As the syndicate polling

began to approach close, teachers were seen in flocks moving from here to there with utmost enthusiasm in pursuit of votes for their respective panels. Even the teachers who have rather a bad reputation of being irregular in the department, were then seen to be so much regular and active in this mission. Needless to say, academic activities suffered a serious dead-lock.

The interest and incentive that the teachers were found to be showing in lobbying are hardly seen to be paid to academic causes. While the teachers are supposed to attend their scheduled lectures and discharge their official responsibilities properly, it is not known, why they are, instead, giving it a tremendous importance to beg votes from door to door in a manner not becoming of their position. It is irritating indeed. How much the fashion of politicking has worsened was demonstrated by the viewers' reaction to the frenzied electioneering campaign. Factional squabble too intensified to a point posing fear of skirmish.

How why this politicking? Why this ceremonious arrangement? If the teachers do have any reason behind this politically motivated grouping, that seems to be satisfying their ego. Innocent and brilliant students are at times subjected to suffer for this factional strife among teachers.

The country has a glorious post of having teachers with proper ideological inspiration and sacrifices. But the sublime image of the teachers of the by-gone era which earned profound honour and acclamation of the people, is now

M Sikandar Rana, Dept of English, Jahangirnagar University

Parkinsons: A dangerous disease

Sir, If a question is posed — is Parkinsons a dangerous disease? The straightforward answer is a big 'yes'. Is it incurable? Yes, it is. Does it affect normal behaviour? Yes, in a big way.

One becomes crippled, even if he/she might possess very good health. One becomes simply dependent on others for every requirement e.g. dressing up, taking food, bathing and washing etc. What a pity!

Every one shows pity and

"functional constituencies" representing different occupational and professional groups. Informal coalitions have ensured a straight pro-China or pro-democrat choice for nearly every seat.

The Democratic Party is fielding 24 candidates, the Liberals 15 and the DAB 14. There are 51 independents, and 38 members of smaller parties or pressure groups.

The greatest enemy of democracy may be voter apathy. Barely 26 per cent of the electorate voted in recent municipal elections.

Government publicity to improve turnout has included free distribution in underground railway stations of notepads with a "LegCo 95" logo.

While some commentators suggest that it is hard to drum up interest in an election to a body that is soon to be disbanded, Martin Lee is sanguine that LegCo will survive the handover of power.

"I don't believe they will necessarily demolish any institution left behind by the British, because the whole world will be here watching."

The diplomatic bluster, he suggests, is designed to minimise the advance of democracy, "but a lot depends on how secure they feel in their own position."

But what would make Beijing feel most secure would appear to be a strong swing away from the democrats — which is precisely the point Martin Lee's rivals are stressing on the doorsteps.

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